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MISCELLANEOUS

HEARINGS

BEFORE THE

COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH CONGRESS

SECOND SESSION

ON

GRAIN INSPECTORS, OVERTIME PAYMENT
S. 2007, APRIL 23, 1958

PROHIBIT IMPORTATION OF DISEASE-CARRYING ANIMALS
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WATERSHED PROJECTS
AUGUST 8, 1958

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GRAIN INSPECTORS, OVERTIME PAYMENT (S. 2007)

WEDNESDAY, APRIL 23, 1958

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND FEED GRAINS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met pursuant to notice at 10:10 a. m., in room 1308, New House Office Building, Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Jennings, Matthews, Hoeven, Simpson, and Harvey.

Also present: Representative McIntire; John J. Heimburger, counsel; and Hyde Murray, assistant clerk.

Mr. POAGE. The committee will please come to order. We will first consider S. 2007. That is a bill to amend the United States Grain Standards Act, 1916, as amended, to permit the Secretary of Agriculture to charge and collect for certain services performed and to deposit such collections to the credit of the appropriation available for administration of the act, and for other purposes.

(S. 2007 and accompanying report are as follows:)

[S. 2007, 85th Cong., 1st sess.]

AN ACT To amend the United States Grain Standards Act, 1916, as amended, to permit the Secretary of Agriculture to charge and collect for certain services performed and to deposit such collections to the credit of the appropriation available for administration of the Act, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6 of the United States Grain Standards Act (39 Stat. 484; 7 U. S. C. 78) is hereby amended to read as follows:

"SEC. 6. Whenever standards shall have been fixed and established under this Act for any grain and any quantity of such grain sold, offered for sale, or consigned for sale, or which has been shipped, or delivered for shipment in interstate or foreign commerce shall have been inspected and a dispute arises as to whether the grade as determined by such inspection of any such grain in fact conforms to the standard of the specified grade, any interested party may, either with or without reinspection, appeal the question to the Secretary of Agriculture, and the Secretary of Agriculture is authorized to cause such investigation to be made and such tests to be applied as he may deem necessary and to determine the true grade: *Provided*, That any appeal from such inspection and grading to the Secretary of Agriculture shall be taken before the grain leaves the place where the inspection appealed from was made and before the identity of the grain has been lost, under such rules and regulations as the Secretary of Agriculture shall prescribe. Whenever an appeal shall be taken or a dispute referred to the Secretary of Agriculture under this Act, he shall charge and assess, and cause to be collected, a reasonable fee, in amount to be fixed by him, and such charges as may be necessary to cover cost of travel and pay of assigned employees and such other items of expense as the Secretary of Agriculture may deem necessary, in connection with overtime, night, or holiday work on appeal inspection. The fee, in case of an appeal, shall be refunded if the appeal is sustained. All such fees, not so refunded, shall be deposited and covered into the Treasury as miscellaneous

ous receipts. All such charges for travel, pay, and other items of expense in connection with overtime, night, or holiday work on appeal inspections shall be deposited to the credit of the appropriation available for the administration of the United States Grain Standards Act. The findings of the Secretary of Agriculture as to grade, signed by him or by such officer or officers, agent or agents, of the Department of Agriculture as he may designate, made after the parties in interest have had opportunity to be heard, shall be accepted in the courts of the United States as prima facie evidence of the true grade of the grain determined by him at the time and place specified in the findings."

Passed the Senate August 5 (legislative day, July 8), 1957.

Attest:

FELTON M. JOHNSTON, *Secretary*.

[S. Rept. No. 787, 85th Cong., 1st sess.]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 2007) to amend the United States Grain Standards Act, 1916, as amended, to permit the Secretary of Agriculture to charge and collect for certain services performed and to deposit such collections to the credit of the appropriation available for administration of the act, and for other purposes, having considered the same, report thereon with a recommendation that it do pass with amendments.

This bill provides for assessing the costs of overtime appeal inspection work under the Grain Standards Act against the appellant. The act of August 28, 1950, already provides for making such charges in the case of grain for export, so the effect of the bill is to extend this provision to appeal inspections on grain not intended for export.

Amounts collected would be deposited to the appropriation available for administration of the Grain Standards Act.

The committee amendments would (1) correct the reference to the title of the act being amended, and (2) make the bill specifically applicable to night and holiday work, as well as overtime work, since the act of August 28, 1950, is now so applicable and it is the purpose of the bill to accord to all inspection appeals the same treatment as that provided by the act of August 28, 1950, for export inspection appeals.

The letter of the Department of Agriculture requesting this legislation is attached.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington, D. C., April 23, 1957.

The honorable the PRESIDENT OF THE SENATE,
United States Senate.

DEAR MR. PRESIDENT: There is transmitted herewith for consideration of the Congress proposed legislation amending section 6 of the United States Grain Standards Act of 1916 (7 U. S. C. 78). The proposal would permit the Department to make such charges as may be necessary to cover the salary, travel, and other items of expense in connection with overtime work of assigned employees in the handling of appeal inspections. It would also authorize the reimbursement of such charges to the appropriation from which the expenses were paid.

The United States Grain Standards Act requires that grain which is sold by grade, shipped in interstate or foreign commerce, and moved from or to an established inspection point, be inspected by an inspector licensed by the Secretary of Agriculture. Any interested party may appeal to the Secretary of Agriculture a question of dispute regarding the licensee's grade.

Present law authorizes the Government to collect an assessment upon the appellant in two types of circumstances. If the original grade issued by a licensee on grain moving in interstate or foreign commerce is sustained by a Federal inspection made in response to an appeal, a fee is collected pursuant to the Grain Standards Act and deposited to miscellaneous receipts of the Treasury. If overtime work is required on an appeal inspection of grain for export, a charge is made for the additional costs for the overtime work and credited to the appropriation from which the costs are paid pursuant to the act of August 28, 1950 (64 Stat. 561, 5 U. S. C. 576). There is no similar authority to charge for costs in connection with overtime work performed at inland points on appeal inspections of grain in interstate commerce.

The proposed legislation would authorize making charges for all overtime work on appeal inspections whether at ports or at inland points. Charges for

these additional inspection costs would be borne by the applicants for the service and would apply uniformly to all users of the service.

During the past 15 years, the number of appeal inspections on grain has increased by almost two-thirds—from 45,894 in 1941 to 75,236 in 1956. A larger percentage of appeal inspections is anticipated for 1957. Several factors contribute to this increase. One of them is the large stocks of Government-owned grains which are in warehouses and the recent efforts to dispose of these stocks. Shipments from such stocks are usually in large quantities and, in the interest of self-protection, warehousemen, shippers, and processors ask for a large number of appeal inspections on grain moving out of storage. Another factor is the trend toward having more exports sold and shipped on the basis of Federal appeal grades. This has proved to be a type of insurance which dealers and shippers willingly pay. The cost of an appeal inspection is indeed small in comparison to the potential loss a dealer might sustain if his shipment were rejected because of incorrect grading. This practice has reduced the number of complaints regarding the quality of shipments. Still another factor, in addition to these specific conditions of merchandising grain, has been the increase in the total volume of grain produced from about 5.5 billion bushels in 1941 to almost 6.8 billion in 1956.

The proposed legislation would also authorize the deposit of overtime charges collected at all points (as differentiated from appeal fees) to the appropriation bearing the cost of this service.

The increase in appeal inspections has created a heavy additional workload on the Federal supervisors who make the appeal inspections. The amount of funds required to defray the costs of overtime work on appeal inspections is extremely difficult to determine in advance. This is due to the fact that the number of the appeals to be made is unpredictable and, more important in this instance, the timing of these appeals is such that considerable overtime, holiday, and nightwork at premium rates of compensation is required. Inasmuch as the timing of the grain movements is at the discretion of the shipper or commercial handler, inspectors are frequently required to work after official working hours at premium rates of pay.

As no authority currently exists for reimbursement for overtime costs at inland points, it has been necessary to deny many requests for appeal inspections. Further, an even greater number of applications have not been filed when the interested parties learned that their appeals could not be handled within a reasonable time. In making charges for overtime work applicable to all users of the service and reimbursable to the appropriation regardless of location of the work, the Department could more nearly respond to all requests for appeal inspections.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

UNITED STATES GRAIN STANDARDS ACT

"SEC. 6. Whenever standards shall have been fixed and established under this Act for any grain and any quantity of such grain sold, offered for sale, or consigned for sale, or which has been shipped, or delivered for shipment in interstate or foreign commerce shall have been inspected and a dispute arises as to whether the grade as determined by such inspection of any such grain in fact conforms to the standard of the specified grade, any interested party may, either with or without reinspection, appeal the question to the Secretary of Agriculture, and the Secretary of Agriculture is authorized to cause such investigation to be made and such tests to be applied as he may deem necessary and to determine the true grade: *Provided*, That any appeal from such inspection and grading to the Secretary of Agriculture shall be taken before the grain leaves the place where the inspection appealed from was made and before the identity

of the grain has been lost, under such rules and regulations as the Secretary of Agriculture shall prescribe. Whenever an appeal shall be taken or a dispute referred to the Secretary of Agriculture under this Act, he shall charge and assess, and cause to be collected, a reasonable fee, in amount to be fixed by him, **[which]** *and such charges as may be necessary to cover cost of travel and pay of assigned employees and such other items of expense as the Secretary of Agriculture may deem necessary, in connection with overtime, night, or holiday work on appeal inspection.* The fee, in case of an appeal, shall be refunded if the appeal is sustained. All such fees, not so refunded, shall be deposited and covered into the Treasury as miscellaneous receipts. *All such charges for travel, pay, and other items of expense in connection with overtime, night, or holiday work on appeal inspection shall be deposited to the credit of the appropriation available for the administration of the United States Grain Standards Act.* The findings of the Secretary of Agriculture as to grade, signed by him or by such officer or officers, agent or agents, of the Department of Agriculture as he may designate, made after the parties in interest have had opportunity to be heard, shall be accepted in the courts of the United States as prima facie evidence of the true grade of the grain determined by him at the time and place specified in the findings."

MR. POAGE. We will hear first from Mr. William F. Brooks, who is going to speak for the National Grain Trade Council.

STATEMENT OF WILLIAM F. BROOKS, PRESIDENT, NATIONAL GRAIN TRADE COUNCIL

MR. BROOKS. Mr. Chairman, for the record my name is William F. Brooks and I am with the National Grain Trade Council which is an organization composed of grain exchanges and national associations in the grain feed and seed trade.

The National Grain Trade Council would favor the enactment of legislation, having as its objectives and purpose, the objectives and purpose of S. 2007 as we understand them and as they are stated in Senate Report No. 787, 85th Congress, 1st session, the report accompanying S. 2007.

The report states that the purpose of S. 2007 is to accord to all appeal inspections under the United States Grain Standards Act the same treatment as that provided by the act of August 28, 1950, for appeal inspections for export. We understand the objectives of S. 2007 to be as follows:

1. To extend the provisions of the act of August 28, 1950 (5 U. S. C. 576), to all appeal inspections on grain as the provisions of that act apply to compensation for and reimbursement of compensation for overtime, night, and holiday work of employees of the United States Department of Agriculture.

2. To provide that employees of the United States Department of Agriculture assigned, under the United States Grain Standards Act, to overtime, night, or holiday work in connection with appeal inspections be reimbursed for travel and other costs necessarily connected with such work.

3. To provide that appellants under the United States Grain Standards Act be assessed the travel and other costs described in 2 above.

4. To provide that charges assessed appellants to reimburse the Government for expenses incurred under 1 and 2 above be collected and deposited, irrespective of the outcome of the appeal inspection, to the credit of the appropriation available for the administration of the United States Grain Standards Act.

In view of our understanding of the purpose and objectives of S. 2007 we recommend that it be not enacted in its present form. We feel that if it is enacted in its present form, S. 2007 might not entirely accomplish its purpose and objectives; it might be so administered as to accomplish more than its purpose and objectives; and would lead to a dual system of payments and of handling receipts under section 6 of the United States Grain Standards Act (7 U. S. C. 78). This is the section of that act S. 2007 would amend.

It is perhaps significant that the act of August 28, 1950 (5 U. S. C. 576), from which S. 2007 is allegedly derived, authorizes the Secretary to pay inspector employees of the Department of Agriculture for overtime, night, or holiday work performed in connection with exports and imports. It is possible that no need really existed in 1950 for the grant of this authority. It is possible that no need now exists. A cursory search of some of the statutes covering overtime pay has failed to disclose specific authority to make overtime payments to employees operating under the United States Grain Standards Act. That act contains no such grant of authority.

Our first suggestion is, therefore, that S. 2007 be revised to grant authority to the Secretary to pay employees of the Department, who perform grain appeal inspections, for all overtime, night, or holiday work as is now authorized in the act of August 28, 1950.

S. 2007 would permit the Secretary to fix—

such charges as may be necessary to cover the cost of travel and pay * * * and such other items of expense as the Secretary of Agriculture may deem necessary in connection with overtime, night, or holiday work on appeal inspection.

The act of August 28, 1950, makes no provisions for assessing the costs of travel or of other items of expense. These items could, under S. 2007, be added to the overtime costs of grain appeal inspections. We would have no objection to having the costs of travel as computed, actually paid and allocated by the Government added to the charges made for appeal inspections involving overtime, night, or holiday work. We see no objection to assessing and charging appellants for other costs of employees necessarily connected with such work when those costs are paid and allocated by the Government.

We recognize that in establishing charges for appeal inspections well in advance of the time when schedules of charges will become operative, it will be impossible for each charge to reimburse with neat exactness the cost to the Government of overtime, night, or holiday work, and of the travel and other expenses of employees. In establishing charges, we recognize that the Secretary requires some discretion. We feel, however, that this discretion should not exceed that of determining what reimbursable costs may be incurred by employees. This discretion should not include, as apparently would be the discretion permitted by S. 2007, the opportunity to reflect items of expense other than those of employees actually engaged in night, overtime, or holiday work.

Section 6 of the United States Grain Standards Act establishes a method for resolving disputes when questions develop on the initial grain grade established by a federally licensed grain inspector. This method involves an appeal procedure by an interested party to the Secretary of Agriculture who, by regulation, has established an administrative procedure for handling appeals and who, under the statute,

has set fees for appeals. Under the statute, the fees set by the Secretary are refunded if the appeal is sustained.

Under S. 2007 no charges assessed and collected would be refunded. If S. 2007 is enacted in its present form, appellants would pay a fee for their appeals and charges if their appeals involve overtime. Under a regulatory section of the act, charges for services not directly connected with regulatory aspects would be established, assessed, and collected. We feel that these charges should not be assessed under section 6 of the act. We believe that to amend section 6 to provide for the establishment, assessment, and collection of charges for overtime, night, or holiday work, and for travel and other costs connected with such work would be a mistake. We suggest, therefore, that instead of amending section 6 to accomplish the purpose and objectives of S. 2007, a new section be added to the United States Grain Standards Act incorporating, as does S. 2007, a new concept for the payment of services for appeal inspections.

A suggested new section submitted, Mr. Chairman.

(The suggested new section is as follows:)

The Secretary of Agriculture is authorized to pay employees of the United States Department of Agriculture performing appeal inspections for all overtime, night, or holiday work, at such rates as he may determine, and to reimburse these employees for travel and other costs necessarily connected with such work. The Secretary is further authorized to accept from persons, Government agencies and departments, and Government corporations for whom such work is performed, reimbursements for any sums paid for such work and for employees' travel and other costs necessarily connected with such work. Funds received as reimbursement shall be deposited to the credit of the appropriations available for the administration of the Act.

Mr. PoAGE. Is that the end of the statement?

Mr. Brooks. Yes, sir.

Mr. PoAGE. Thank you very much, Mr. Brooks. I think it is clear that we ought to hear from the Department and they are present to be heard.

STATEMENT OF B. W. WHITLOCK, DIRECTOR, GRAIN DIVISION, AGRICULTURAL MARKETING SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY J. E. BARR, CHIEF, INSPECTION BRANCH, GRAIN DIVISION; NATHAN KOENIG, SPECIAL ASSISTANT TO THE ADMINISTRATOR, AGRICULTURAL MARKETING SERVICE; AND ARDIS BLACKBURN, OFFICE OF THE GENERAL COUNSEL, UNITED STATES DEPARTMENT OF AGRICULTURE

Mr. WHITLOCK. Mr. Chairman, we had quite a long discussion of this matter with Mr. Brooks over the phone yesterday. We then got in touch with the General Counsel's Office. We find we are in very close agreement with Mr. Brooks on the objectives of this bill.

The original bill did receive a lot of attention in the Department and had its general approval. Our position today is that the proposed bill is in pretty good order as it is. However, some adjustment may be needed in the language and can be arrived at here which should not change the objective.

Mr. PoAGE. Is it your position that this bill could not result in the abuses that Mr. Brooks suggests? He did not use the word "abuses"

but I do and I think it is an abuse, if the trade were required to pay someone for services that the Government was not reimbursing him for. Now, is it your position this bill prevents that?

Mr. WHITLOCK. No, it takes a bit of wishing to believe some of those would occur——

Mr. POAGE. It does not take a bit of wishing on our part. We have had these things occur. We have been on this committee for 2 or 3 years and we do not have to be here but for 1 or 2 weeks to see that they do occur, and if you were to sit on our side, you would see them occur every day.

I do not say that the Department is deliberately guilty of maladministration but I say that no agency as large as yours has ever operated without those things creeping in.

Mr. KOENIG. If I may interrupt, Mr. Chairman, I think that as a result of the discussions Mr. Whitlock and his people have had with Mr. Brooks that some agreement has been reached in the form of language so as to overcome some of the difficulties.

Mr. POAGE. Have we not some language? I understood Mr. Whitlock to say that he is standing on the bill.

Mr. KOENIG. We think that some of the fears that Mr. Brooks has pointed out are, as Mr. Whitlock indicated, rather unlikely to materialize, but we are glad to provide any needed safeguards in the form of language. There is no problem there.

Mr. POAGE. If you have any language——

Mr. KOENIG. There is only one purpose, and that is to get the overtime payment needed to compensate the Government——

Mr. POAGE. I think that is generally agreed and I don't think anybody argues that.

Mr. KOENIG. All we want to do is to have the necessary authorization in language that is acceptable to all concerned.

Mr. WHITLOCK. I would like to say that my comments were based on the fact that the overtime now paid on appeals has to do with export cargo loading—loading that may start on Friday night or Saturday night and has to continue. The overtime referred to in this bill concerns carlots of grain that come into market and where little or no commuters' time is involved. The only point I had in mind is that the two types of overtime present somewhat different problems.

Mr. POAGE. What I am asking you, are you satisfied with the bill the way it is?

Mr. WHITLOCK. We are satisfied with it.

Mr. POAGE. Do you think it is susceptible of any danger?

Mr. WHITLOCK. Any danger?

Mr. POAGE. Yes. I understood you to say a while ago you did not think it was susceptible to any of the dangers that Mr. Brooks suggested.

Miss BLACKBURN. Mr. Chairman, I am Ardis Blackburn from the General Counsel's Office in the Department of Agriculture, and if I may just say this:

I think that the intent, and I think that our original report on S. 2007 will bear this out, was that we wanted to put the inland inspectors in the same position as are the inspectors at the ports.

Under the statute which Mr. Brooks cited, the Secretary has the authority to set the rates for the overtime as he may determine. We

now have had the approval of the Comptroller General to include in that rate commuted travel time, that is, during the time that the fellow is traveling. For instance, he lives at Levittown and he goes home and then he is called back and we call this travel—say that he has 2 hours of travel, and under your normal situation I am sure you know he would not get overtime pay during the time that he is in travel status, but under the authority we have he would get what we call commuted travel time which would be in effect overtime pay during the time he is actually traveling and I don't think anyone has ever objected to that at all.

All that we were trying to do was to get these people in the inland inspection points in the same position as these people at the ports.

Mr. POAGE. I understand what you are trying to do. I think that the committee is in favor of what you are trying to do and I think that industry is in favor of that.

Miss BLACKBURN. I think that Mr. Brooks is probably opposed or is objecting to the words in S. 2007, that the Secretary, in effect, may charge such other expenses as he may deem necessary. Now, that may go beyond the actual administrative—

Mr. POAGE. Does it go beyond?

Miss BLACKBURN. I think it is susceptible to that interpretation. My point is, and we felt we had made ourselves clear on record, that we do not propose to go beyond that.

Mr. POAGE. I know you do not propose to go beyond that but this committee is not interested simply in what you propose to do. We are interested in what you can do under this bill.

Miss BLACKBURN. I agree that technically I think this wording is broader than—

Mr. POAGE. Then is it the Solicitor's recommendation we should change this bill?

Miss BLACKBURN. Certainly there would be no objection to changing the bill and we have some proposed language which follows the authority we now have on the export inspection.

Mr. POAGE. Let me ask you. It might save a lot of time. Do you have language that you have agreed on and that the industry has agreed on?

Mr. BROOKS. Mr. Chairman—

Mr. POAGE. Are you in agreement? If you are, let us not waste any more of our time about this because the committee I think is thoroughly willing to give you the authority that you want, if we know that we have it tied down; but if there is some dispute about this agreement let us recess this meeting and see if we can get together.

Miss BLACKBURN. It is my understanding that language, which is identical with the language that we have with respect to the export inspection, would be agreeable to the Department.

Mr. HOEVEN. Is it agreeable to the industry?

Mr. BROOKS. My understanding is that the Solicitor's Office is agreed in the bill to the language on line 19 of the draft that I have.

Mr. HEIMBURGER. On page 2.

Mr. BROOKS. Put a period after the pronoun "him" and strike the balance of that sentence down to "work on appeal inspection" and that on page 3 in the draft that I have, line 1, strike the sentence beginning

with, "All such charges," down to the line No. 5, "United States Grain Standards Act."

And then we would add at the end just this language here:

The Secretary of Agriculture is authorized to pay employees assigned to perform appeal inspections for all overtime, night or holiday work at such rates as he may determine and to accept from persons, Government agencies and departments, and Government corporations for whom such work is performed reimbursement for any sums paid for such work.

I will state that language is agreeable to the industry. And I would like to say—off the record.

(Discussion off the record.)

Mr. POAGE. We want it noted in the record and we want a distinct answer from the representatives of the Department you are satisfied and we want a distinct answer from Mr. Brooks that he is satisfied.

Miss BLACKBURN. I would like to say this for the record, that we are satisfied with this and would interpret this as we interpret the authority in title 5, United State Code, section 576, which permits us to put the charges collected to the appropriation available for administering the act.

Mr. POAGE. I do not know whether you can or not.

Mr. WHITLOCK. If it is agreeable to you folks.

Mr. BROOKS. All right.

Miss BLACKBURN. We do that under title 5, United States Code, section 576, which is the same thing, same wording as this.

Mr. KOENIG. Or it can be specifically provided.

Miss BLACKBURN. Off the record.

(Discussion off the record.)

Mr. POAGE. All right, we are very much obliged to you. The committee will consider this later in executive session, of course.

(Thereupon, at 10:30 a. m. the subcommittee proceeded to the consideration of other matters.)

PROHIBIT IMPORTATION OF DISEASE-CARRYING ANIMALS

WEDNESDAY, APRIL 23, 1958

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND FEED GRAINS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met pursuant to notice at 10:30 a. m. in room 1308, New House Office Building, Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Jennings, Matthews, Hoeven, Simpson, and Harvey.

Also present: Representative McIntire; John J. Heimbarger, counsel; and Hyde Murray, assistant clerk.

Mr. POAGE. Dr. Clarkson, we will be glad to hear from you in regard to this problem. But before we do, I wish to state that Judge Joe Montague, representing Texas Southwestern Cattle Raisers Association, phoned me hoping that he could be here, but he had to go before some other board on the Mexican labor question and he said that he would be here as quickly as he could. I do not know whether he can get here in time to participate in this hearing, but he wanted the record to note that he is interested in it.

Now, Dr. Clarkson, will you proceed?

STATEMENT OF M. R. CLARKSON, DEPUTY ADMINISTRATOR, AGRICULTURAL RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY HARRY ROTHENBACH, DEPUTY ASSISTANT TO THE ADMINISTRATOR, AGRICULTURAL RESEARCH SERVICE; AND HAROLD M. CARTER, OFFICE OF THE GENERAL COUNSEL, UNITED STATES DEPARTMENT OF AGRICULTURE

Mr. CLARKSON. Mr. Chairman, I have a brief statement and I think it might expedite things if I may read it.

Mr. POAGE. Very well, Dr. Clarkson.

Mr. CLARKSON. Mr. Chairman and gentlemen of the committee, we appreciate this opportunity to discuss the recent adverse decision of the United States Court of Appeals for the District of Columbia on action taken by the Department under the animal quarantine laws.

Section 306 of the act of June 17, 1930, prohibits the importation into the United States of cattle, sheep, or other domestic ruminants or swine from any foreign country in which the Secretary of Agriculture determines that rinderpest or foot-and-mouth disease exists. Inclusion in the statute of the word "domestic" precludes the application

of this legislation to wild ruminants and swine even though such wild animals are susceptible to one or both of the named diseases and may originate in a country where such diseases exist.

Under other legislation the Department may not prohibit the importation of wild ruminants or swine from countries where foot-and-mouth disease or rinderpest exists, but through the careful examination of the circumstances involved in each case and the control of the issuance of permits the application of inspection and quarantine measures, and a limited distribution of such animals only for holding in zoos maintained under some form of Federal, State, or local governmental control, it has been possible to avoid the introduction of foot-and-mouth disease and rinderpest into this country through this route. The Department felt that in such zoos there exists a sense of public responsibility essential for the protection of the livestock of the United States which would not be inherent in an establishment without such governmental control.

Animals that have been affected with foot-and-mouth disease and do not die from it are carriers of the disease for a variable period of time, and in some cases remain carriers even after all apparent evidence of the disease has disappeared. Recorded cases have shown that this carrier state may persist for at least $2\frac{1}{2}$ years, and experience with recurring outbreaks of the disease following exposure of susceptible animals to previously infected and recovered animals in Mexico and elsewhere has shown that the carrier state may persist for several years. There is no way in which the termination of such carrier state can be determined at the present time. It has been necessary, therefore, in order to protect the livestock of the United States, to treat animals that may have been affected with or exposed to foot-and-mouth disease or rinderpest as potential carriers.

In view of this carrier hazard, it has not been possible to devise any method of inspection and quarantine that would give complete assurance of the safety of an animal that had originated in a country where foot-and-mouth disease or rinderpest exists, and the Department was without legal authority to prohibit the importation of wild ruminants and swine from such countries. Accordingly the Department required in the issuance of its permits that such wild animals could be held only in zoos maintained under appropriate governmental control and having facilities to prevent spread of disease to farm flocks and herds. Permits have been denied for such animals to be placed in zoos not having acceptable governmental control, as well as various wild-animal farms, or traveling circuses in which the hazard of exposure of farm flocks and herds would be increased.

Since World War II, the importations of wild ruminants and swine from countries where foot-and-mouth disease or rinderpest exists have averaged less than 30 per year, varying from a high of 71 in 1947 to a low of 5 in 1951. With the outbreaks of foot-and-mouth disease in Mexico and Canada in recent years, and severe outbreaks in many other areas of the world outside North America, it has been realized that the importation of these wild animals, even with the postentry restrictions, has not been without some hazard of introduction of disease into the United States. However, there were no additional measures of protection that could be taken within existing legislation.

Recently, an owner of a zoo purchased two wild ruminants which had been imported from Africa, where foot-and-mouth disease and rin-

derpest exist, and were under quarantine at the port of New York awaiting transfer to an approved zoo operating under acceptable governmental control. The new owner petitioned the Department for release of the animals to his premises and the petition was denied because his zoo was not operated under the requisite governmental control as required by the condition attached to the import permit issued for these animals. The owner then applied to the United States District Court for the District of Columbia for an order directing the Secretary to release the animal for transfer to his zoo. This petition was denied (*Jack James Pederson v. Secretary of Agriculture*, United States District Court for the District of Columbia, civil action No. 32-57). The plaintiff appealed to the United States court of appeals and that court reversed the decision of the district court (United States Court of Appeals, District of Columbia, No. 13909).

The Department then requested the Department of Justice to make application for a writ of certiorari, but the Department was advised that the Solicitor General decided that a petition for certiorari would not be filed in this case.

The owner of the animal then applied to the Department for release of the animal (one had died in the meantime of a noncommunicable ailment) and the Department having no other recourse, released the animal to the owner for transportation to the owner's zoo in Florida upon the understanding that the animal would be actually delivered to the zoo to become the permanent property thereof, and that the animal would be for the sole use of the zoo as its permanent property and would not be sold or exchanged, and if otherwise used, the owner would report such use promptly to the Department. The animal was released from quarantine the last week in March.

The Department has since issued an amendment to its regulations to comply with statements made by the court of appeals to the effect that standards governing the issuance of permits should be spelled out in regulations. However, in view of the decision of the court of appeals, the change in regulations could not restore the restriction limiting the distribution of wild ruminants and swine from countries where foot-and-mouth disease or rinderpest exists to zoos under responsible governmental control. It is not possible to forecast what the effect of this change may be. Already, relying upon the effect of the decision of the court of appeals, several permits have been requested for wild ruminants to be imported from Africa and destined to zoos or game farms not operating under governmental control. It is anticipated that other such requests will be received.

Until exhaustive research is completed on the problem of recovered animals acting as carriers of these diseases, and as long as wild animals of this kind are permitted entry into the United States, it is not possible to devise and effectuate methods of inspection and quarantine which will give complete assurance that such animals will not be a potential hazard to the herds and flocks of this country.

A corollary problem also exists in regard to the importation of animals from countries which are free of foot-and-mouth disease and rinderpest when such animals had previously come to that country from another country in which one or both such diseases did exist. In view of the fact that such animals may be carriers for an extended period of time, importation of such animals constitutes a potential

hazard. With the increase in the speed and facility of air transport, movements of animals from country to country, even over great distances, becomes more frequent.

Mr. Chairman, this is a review of the situation as it now exists. I shall, of course, be glad to respond to any questions that members of the committee may have.

Mr. POAGE. Well, is it the recommendation of the Department of Agriculture that we pass legislation to prohibit the importation of these animals? How far should we go? Should we prohibit it or simply give you authority to do what you have been doing?

Mr. CLARKSON. Mr. Chairman, we have been working on that in the Department and have drafted legislation which we are considering.

In the current state of our knowledge we believe that they ought to be prohibited until we learn more about foot-and-mouth disease and getting rid of the carriers and devising a method of inspection and quarantine.

Mr. POAGE. Well, it does not seem to make much sense to me, to deport cattle coming here when you have no history of foot-and-mouth disease in connection with them but merely the possibility of their having been exposed, and then to admit wild animals that we know could be carriers and that we know come from areas where possibly there is an even greater possibility of exposure to the disease.

Mr. CLARKSON. Mr. Chairman, you will remember when we had some of those questions up before, that was one of the most difficult of all.

Mr. POAGE. Of course. And we have that incident of those bulls, 3 or 4 of them which——

Mr. CLARKSON. We have none of them.

Mr. POAGE. Well, let us straighten that up because I have been under the impression that 3 or 4 of these bulls that had been traded or sold to various people in Louisiana—you did not deport all of those bulls; did you?

Mr. CLARKSON. Yes; we did and it was almost a year later when they finally did go back, but they did go back and we worked out a trade for three bulls from northern Mexico.

Mr. POAGE. You mean from these outside people?

Mr. CLARKSON. Yes, sir.

Mr. POAGE. Then you ordered them to Mexico and they were moved back to northern Mexico.

Mr. CLARKSON. That is correct.

Mr. POAGE. So all that you accomplished is possibly to get them infected.

Mr. CLARKSON. No; that was not all that was accomplished; we got them out of the United States.

Mr. POAGE. No; I am talking about after you moved them and I would like to get that clear because we have had so much misunderstanding about it.

Michaelis claimed he had an understanding with you folks that if he would move those cattle—I am talking about the herd, not the 3 or 4 bulls—you would be satisfied, and he did move them to Mexico—that much is right?

Mr. CLARKSON. That is correct.

Mr. POAGE. He did move them to Mexico and put them on a ranch in Coahuila, I believe.

Mr. CLARKSON. That is correct.

Mr. POAGE. And he then claims that the Department of Agriculture demanded of the Mexican Government that those cattle be moved south of the quarantine line—you asked it through the agricultural attaché in Mexico City, did you not?

Mr. CLARKSON. That is not quite correct.

Mr. POAGE. Well, what is correct?

Mr. CLARKSON. When we finished up with the last outbreak of foot-and-mouth disease in Mexico we had an understanding with the Minister of Agriculture in Mexico through the Commission that animals from central Mexico would not be allowed to come into northern Mexico and that we would then open the border to movement of animals from central Mexico——

Mr. SIMPSON. You mean northern Mexico?

Mr. CLARKSON. Yes. Northern Mexico, I beg your pardon, thank you. When these animals went back we made no stipulation as to where they should go, we thought that they were going on down into central Mexico although of course we knew that Michaelis owned a ranch in Coahuila, where they did go and we knew they were going there first.

Mr. POAGE. Why did you think they were going on to central Mexico?

Mr. CLARKSON. Well, Michaelis and his people had been in constant touch with the Government of Mexico and we had a right to rely on our understanding. Michaelis did not say where they were going, he did not say they were going to central Mexico, certainly, and we made no stipulation as to where they should go in Mexico.

We then found that animals that were being offered for importation at the border ports were coming from areas where it appeared likely they may have been in contact with central Mexican cattle. These were not the only central Mexican cattle. We found some others, too.

We issued orders to our border inspectors that they should withhold inspection until they could be sure that the cattle offered for importation had not been on the same premises with or in contact with any animals from central Mexico regardless of what their location was or their origin. They did that. That caused a great deal of consternation on the border and it had the net effect of holding up imports for some days until lot by lot this information could be established.

We used all of the sources of information at our command and we required affidavits from the owners and from others who might have some knowledge of the condition of these cattle and it was during that time then that we inquired whether or not the Mexican Government intended to stick behind the understanding we had reached with them that central Mexican cattle would not be allowed to come into northern Mexico.

Immediately after that inquiry they did seize these cattle and take them into central Mexico and it was some long months later that Michaelis was able to get them back into northern Mexico and the Mexican Government at that time asked us if we would agree to that movement northward and we said we would not, that we had an understanding with them, that we had no way of enforcing this under-

standing except through our control of cattle and animals coming across the border and we intended to continue that enforcement as we had set it up because there already were other cattle in northern Mexico.

After some months or weeks they did agree; they moved them back into northern Mexico.

Mr. POAGE. And they are now in northern Mexico?

Mr. CLARKSON. To the best of my knowledge they are there.

Mr. POAGE. What are your regulations now about crossing the border?

Mr. CLARKSON. They remain the same as they were at that time, that for a lot of animals coming across, the border inspectors are required to satisfy themselves that these cattle had not been on the same premises with or had any contact with any central Mexican cattle within the 2 months directly preceding their importation and they must have been cattle that themselves originated in northern Mexico.

Mr. POAGE. Well now, as a matter of fact you are not doing much except asking questions, are you, at the border? I mean, you are not making inspections of every lot, you are not running back over the history of every group that comes across the border?

Mr. CLARKSON. Well on most of them, we know where they come from. That information is, you might say, free—of course, you know that rumors are pretty free down there on the border, too, but the men there have a great deal of information about the origin. They know the brands and they know their people or most of them and the information moves rather freely.

Mr. POAGE. Well, all you are doing there is that you are trying to keep back 2 or 3 or at most a dozen herds in northern Mexico?

Mr. CLARKSON. There are about a dozen we know of; yes, sir.

Mr. POAGE. Well, how long has it been since we had an outbreak of foot-and-mouth disease in Mexico—3 years?

Mr. CLARKSON. It was December 31, 1954.

Mr. POAGE. Four years, 3½ or 4 years. None of these cattle could have possibly been in contact with any kind of disease for a number of years?

Mr. CLARKSON. That is correct.

Mr. POAGE. Do we intend to follow the policy of never admitting central Mexican cattle?

Mr. CLARKSON. No, sir. We have still in Mexico with the Mexicans a few people on the Joint Commission that maintain surveillance over that vast area, they are in the field two-thirds of their time and they talk to people and they talk with previous employees and they look at the cattle. There still are about 15 percent of the cattle that bear the nodules marking vaccination and so we assume that is a pretty good guide, that there are about 15 percent of the cattle that were there during the time of the outbreak.

Mr. POAGE. I do not mean to press you for the exact date, but what is your thinking—is it your idea that 50 years from now we will admit central Mexican cattle if we do not have another outbreak?

Mr. CLARKSON. Yes, sir. Well, I do not mean that literally and you do not mean that, either.

Mr. POAGE. No; I just want some idea of it.

Mr. CLARKSON. Our purpose, Mr. Chairman, is to keep out animals that have been exposed to foot-and-mouth disease.

Now then, it seems to me that in another few years, and I do not know whether it will be 3 years or what, but all of those animals that were in contact with the old outbreak will be gone and when we can make that determination we will revert to the previous rule.

Mr. POAGE. Of course, there will be a few of those cattle particularly work oxen, that will live for 20 years.

Mr. CLARKSON. Yes, sir.

Mr. POAGE. But, of course, the great masses of cattle will normally be gone because even in Mexico you do not keep beef animals indefinitely.

Mr. CLARKSON. There is this about it, while we spoke about December 1954, as the end of the latest outbreak, that was confined to a rather narrow area in Vera Cruz and during that outbreak all of the known infected animals were slaughtered, so it has to go back all the way to 1951, I believe it was, that you find a previous outbreak and so a substantial number of years have gone by and there are not very many of those cattle remaining—so I think that we will be able to work it out in a way that will be safe and equitable.

Mr. POAGE. Well, of course, I recognize there are not going to be many cattle coming from central Mexico but it is going to be important on the border for a long time until you actually lift it.

Mr. CLARKSON. Yes.

Mr. POAGE. You do not maintain any such quarantine against Canada?

Mr. CLARKSON. No, sir; all those animals were slaughtered and there was no vaccination.

Mr. POAGE. Well, now, I want to ask you a little about—I keep thinking about this thing, and that leads me from one question to another.

This is in connection with your border force. Reports have come to me from time to time that your border people—and many of us in that part of the country think that they are a good bunch; we think that you have a good group on the border—

Mr. CLARKSON. Thank you.

Mr. POAGE. But they are not getting as much pay as most of the other representatives of the Department of Agriculture, are they?

Mr. CLARKSON. Mr. Chairman, they are getting the pay that is allotted under the Classification Act for that kind of work.

Mr. POAGE. I know; but the man who is examining plants at the bridge at Laredo gets more than the man that examines cattle, does he not?

Mr. CLARKSON. We have two classes of people. We have the professional veterinarian employees and the nonprofessional livestock inspectors.

Mr. POAGE. These nonprofessional inspectors are the ones who are doing the big end of your business, are they not?

Mr. CLARKSON. They are doing most of the patrol; that is correct. When it comes to the final inspection of any animals coming across, we assign a veterinarian to do that.

Now, the plant quarantine inspectors are all professional people, because with every orange or every tomato there is always the problem of distinguishing between an innocuous pest and a dangerous one.

Mr. POAGE. Well, all that they do is to burn them, anyway; so what difference does it make? If you have eyesight to see an orange in that

car, you take it away. So it does not make any difference as far as I can see whether the inspector is a scientists or not. It does not take a very great scientist to recognize an orange or a banana as such.

Mr. CLARKSON. No; that is true about oranges, but there are other plants and shoots of plants. When it comes to oranges, I agree with you that I could go down and do that.

Mr. POAGE. Well, I do not mean to criticize the plant people. What I want to find out is if your people are not the poorest paid on the border. Are they?

Mr. CLARKSON. I suppose, comparatively, that is so.

Mr. HOEVEN. You should say "Yes."

Mr. CLARKSON. Yes, sir.

Mr. POAGE. We had a bill here that we were considering just before we took up this where these gentlemen that inspect grain are paid overtime if they are disturbed at night, or if they are called out on Saturday or Sunday they are supposed to get extra time. Now, most of your old boys have to ride some pretty rough country, do they not?

Mr. CLARKSON. Yes.

Mr. POAGE. That border is a pretty rough deal most any way you go there.

Mr. CLARKSON. No question about that.

Mr. POAGE. How much do you pay them for the horse? You do not own the horse; they furnish the horse, do they not?

Mr. CLARKSON. That is correct.

Mr. POAGE. How much do you pay them for the use of that horse?

Mr. CLARKSON. I cannot recall that amount.

Mr. POAGE. And then they have to provide a trailer to move that horse. You do not provide that?

Mr. CLARKSON. He has to provide whatever is necessary to have his horse available.

Mr. POAGE. That is right; he has to carry a trailer and carry a horse along with him and you pay him \$200 a year for the two of them, do you not?

Mr. CLARKSON. I am sorry, sir; I just do not know.

Mr. POAGE. Well, I do not want to testify that is right, but that is what I have understood, that you allow him \$200 a year and he has to provide that trailer and he has to provide that horse and he has to feed that horse and carry that trailer around.

Mr. CLARKSON. Mr. Chairman, I would like to furnish that information for the record, if you desire. I just do not know.

Mr. POAGE. I just wonder if we should not consider those boys on the border along with and at the same time we are considering these other fellows who are sitting at Fort Worth or Kansas City, places of that kind.

Mr. CLARKSON. Well, as I understand the bill that you just had before you, it was to reimburse the Department for certain unusual expenses such as those involved in overtime.

Mr. POAGE. Saturday and Sunday. You do not pay your old boys any overtime when they have to go to catch a Mexican running a bunch of cattle across the river on Saturday night, do you? When you send somebody from Laredo, he has to carry his horse all the way to the source of the trouble on that trailer and he does it at his own expense; he does not get any extra pay for doing it, does he?

Mr. CLARKSON. That is correct.

Mr. POAGE. And in Mexico somehow or another they do not do any worrying about this Saturday or Sunday afternoon off; they are just as likely to bring those cattle across on the weekend as any other day.

Mr. CLARKSON. We have had to require a certain amount of work on Saturday and Sunday as well as others—

Mr. POAGE. That is right, and you do not pay them anything extra?

Mr. CLARKSON. No; we adjust the workweek, to have some other time off.

Mr. POAGE. I want the record to show that is a sensible thing to do and I think that the Grain Division ought to adjust, too, and I think you are right in adjusting; but I do mean to say that those people are not getting the kind of consideration that practically all other representatives of the Department of Agriculture are getting.

Mr. CLARKSON. I would be glad to take notice of the chairman's observations and set in motion a review of the pay scale and horse hire and all of that.

Mr. POAGE. I think it is a worthwhile thing to be done.

Mr. CLARKSON. We certainly do not want to pay them any less than the Congress authorized.

Mr. POAGE. And I think that you have some good men there.

Mr. CLARKSON. We have good men.

Mr. POAGE. I think that you have done a good job on the border and I am not criticizing you at all and I hope that it will continue that way but I am afraid that some of these people who do this work in the grain markets, if we single them out for overtime pay and keep telling these people that they have got to keep on paying their own expenses, that pretty soon some of these fellows are going to decide to be grain inspectors rather than livestock—why shouldn't they?

Mr. CLARKSON. I certainly appreciate your kind remarks about their work and as I say we will make a review starting immediately.

Mr. POAGE. And will you send us the result of your review?

Mr. CLARKSON. I would be glad to do that.

Mr. POAGE. Thank you, sir. Any other questions?

Mr. HEIMBURGER. Mr. Chairman, at my request Dr. Clarkson had prepared a draft of a bill which would take care of the situation created by the adverse court of appeals decision and I have a copy of it here if the committee would like to look at it.

Mr. POAGE. I suppose we ought to look at it—we will do that in executive session.

Mr. HEIMBURGER. And if I might I would like to ask Dr. Clarkson 1 or 2 questions about this bill.

Mr. POAGE. Surely.

Mr. HEIMBURGER. Dr. Clarkson, I note that section 1 of this bill is directed specifically to the problem created by the court decision.

Mr. CLARKSON. Yes, sir.

Mr. HEIMBURGER. In that it amends the existing language of law primarily to strike out the word "domestic" so that the prohibition against imports of animals contained in the 1930 act would apply to any animals susceptible to foot-and-mouth disease or rinderpest regardless of whether or not they are domestic or wild animals; which is the very point discussed here.

However, section 2 of the bill goes into the matter to which you alluded only briefly in your testimony, I believe, the problem of bringing animals from a prohibited area into a noncontaminated country such as Canada, for example, and then after having kept them for a while for a naturalization period, so to speak, and I think it is 60 days in Canada——

Mr. CLARKSON. Yes, sir.

Mr. HEIMBURGER. Then bring them into the United States as Canadian animals. Is the purpose of section 2 to give you authority to deal with this particular problem?

Mr. CLARKSON. That is correct and we anticipate that problem will arise in many areas of the world more frequently in the future than it has in the past.

We are constantly receiving requests to consider in advance the importation of animals from one of the countries of North America or the West Indies with the idea of getting advance assurance that if they move the animals there from France or Germany or Africa, after staying in that country for a time they can bring them in here.

We have resisted those things to the best of our ability to do so but our current legislation, while it gives us ample authority to regulate, gives us no authority to prohibit and so we have the burden of finding whether such animals as are offered for importation were in fact dangerous, whereas we think that the burden ought to be on the importer rather than on the Government in such case.

Mr. HEIMBURGER. That raises the question I was going to ask, whether you would object in this section 2 to insert after the word "prohibiting" on line 2 "or regulating."

Mr. CLARKSON. Prohibiting or regulating the importation?

Mr. HEIMBURGER. Yes.

Mr. CLARKSON. I see no objection to that. The reason it was not put in is we have that authority. I think it would be a wise inclusion.

Mr. HEIMBURGER. Seemingly it would be wise to insert it in connection with your prohibitory authority.

Mr. Chairman, I just wanted to bring this point up so the committee would understand that the bill they have does go beyond the immediate question.

Mr. POAGE. I would like to understand just what the present law does. I thought that you could prohibit now the importation of cattle from France into Canada and then into the United States.

Mr. CLARKSON. No, sir.

Mr. POAGE. You cannot?

Mr. CLARKSON. No; but that does not come up because Canada does not permit them——

Mr. POAGE. But Canada does permit them to come from the British Isles?

Mr. CLARKSON. That is correct.

Mr. POAGE. And they do have the foot-and-mouth disease from Great Britain——

Mr. CLARKSON. They have, but we have not raised much question about that particular situation because the Canadians stop the importation as soon as there is an outbreak and they wait until it is over, and the British stamp out these outbreaks, so we have more assurances there than any other foot-and-mouth disease area.

Mr. POAGE. Well, I recognize that and I accept the philosophy. I am not finding fault with the theory of carriers, but there can be carriers in Great Britain?

Mr. CLARKSON. There should not be because of the policy of stamping out or slaughtering infected and exposed animals, just as we do. They get the outbreaks because of the nearness to the continent and because of their importation of meat from South America.

Mr. POAGE. What substantial areas of the world are now free from foot-and-mouth disease?

Mr. CLARKSON. North America, Australia, New Zealand, Ireland, Norway, Greenland, Iceland—and by “North America” I mean all Central America down through Panama.

We have had two outbreaks in recent years in the West Indies, in Martinique, and Curacao.

Mr. POAGE. Are any parts of South America free?

Mr. CLARKSON. No, sir. Some of them have a considerable period of time with no heavy outbreak, but they have recurring outbreaks.

Mr. POAGE. South Africa has it?

Mr. CLARKSON. All of Africa. I might add one other point with regard to Africa. In Africa there are enormous game herds.

Mr. POAGE. Yes, I know that.

Mr. CLARKSON. In some parts of the country. Part of our problem in regard to wild animals has been to try to differentiate between those that come from the really wild areas as distinguished from those that actually run in herds and are subjected to epidemics of disease just like domestic animals that run in herds. That becomes an increasing problem as the game in Africa becomes increasingly confined to game reserves.

Mr. POAGE. Does the Soviet Union have foot-and-mouth disease?

Mr. CLARKSON. Yes, sir.

Mr. POAGE. They don't do anything to stamp it out, do they?

Mr. CLARKSON. I cannot answer that, sir, I don't know what they do. I assume they vaccinate.

Mr. POAGE. What about Japan?

Mr. CLARKSON. Japan, I have no recent word of outbreaks. They did have rinderpest following the war and I have no knowledge that that has been eliminated. We have them on the infected list.

Mr. POAGE. Well now, the Charollais, they seem to cause more trouble than anything else. Is there any place you can bring in Charollais blood into the United States?

Mr. CLARKSON. I understand there are a few in Canada, there are some in northern Mexico—of course, you know that—and there are quite a few in Cuba. Cuba is infested with the southern cattle fever tick.

Mr. POAGE. You can get rid of that by dipping?

Mr. CLARKSON. Yes; and we have told the Government of Cuba innumerable times that if they will get cleaned up, if they will clean up the area, we will allow imports but that has never been done.

Mr. POAGE. We will not allow imports where the tick exists by quarantine and dipping three times?

Mr. CLARKSON. No, sir; by law there is a special provision for importation from the tick infested areas of Mexico into Texas.

Mr. POAGE. Well, why should we have any more strenuous regulation against importations from Cuba than from Mexico?

Mr. CLARKSON. Well, sir, the law is longstanding and I assume——

Mr. POAGE. I know, but when they have been cleaned up—and that was before we cleaned up, probably.

Mr. CLARKSON. Well, the original act was in 1890, I believe, and then the provision with regard to imports into Texas came before we had finished the job.

Mr. POAGE. Yes; by 1925, before we got cleaned up—we cleaned up before Florida did.

Mr. CLARKSON. But then there is good reason, in my judgment—Canada and Mexico are our immediate neighbors and we know a great deal about what goes on in both countries and there is a constant interchange of information and our inspectors not only are on the border but they get into those countries quite often, so that we know about the whole business of animal disease in those two countries, whereas, as we get further away it is just a little bit more difficult.

Mr. POAGE. I know, but I am only talking about the tick fever and at the present time we know how to get rid of tick fever; you can dip them three times and ordinarily they are clean; and if you don't find any ticks, then we have always assumed that they are not carriers of anything and an animal that does not have a tick on it cannot give somebody else's animal Texas fever, can they?

Mr. CLARKSON. They will carry the disease but it requires another tick to transmit it.

Mr. POAGE. That is right.

Mr. CLARKSON. But in northern Mexico those cattlemen who build their business around shipments into the United States try to keep free, and it is only very infrequently that we find ticks in those areas, whereas most of the other areas, even in the West Indies, the cattle are very, very heavily laden with the ticks.

Mr. POAGE. I know, but if you get rid of the ticks and you don't have any on the animal, what danger from the tick standpoint would there be? Maybe the animal is dangerous from some other standpoint, but what danger would there be if he doesn't have any ticks?

Mr. CLARKSON. Well, there is no danger if it does not run into any more ticks; that is correct.

Mr. POAGE. And so then if we will actually clean them up, there is no danger and——

Mr. CLARKSON. Well, sir, the law now provides that they are prohibited, except from Mexico—now, I would not suggest a change in that law because any country that wants to ship cattle into this country, and Cuba is the closest one and the one about which we have the most attention, can, by cleaning up a small area, ship into the United States, and I think that is not asking too much of them.

Mr. POAGE. Have any of the Central American countries cleaned up?

Mr. CLARKSON. No, sir.

Mr. POAGE. I mean, going back to the foot-and-mouth disease, the fact that they are clean of foot-and-mouth disease does not mean anything if they have ticks; does it?

Mr. CLARKSON. As far as cattle are concerned, but only cattle.

Mr. POAGE. Well, they are not growing any hogs to ship.

Mr. CLARKSON. Well, I am talking about wild animals.

Mr. POAGE. Wild animals. Now, Australia and New Zealand do not have any ticks; do they?

Mr. CLARKSON. There are cattle fever ticks in Australia, but not in New Zealand.

Mr. POAGE. That is what I mean, so that New Zealand and Canada are about the only areas that can import into the United States and northern Mexico?

Mr. CLARKSON. That is correct.

Mr. POAGE. What about Puerto Rico; they have ticks, don't they?

Mr. CLARKSON. Yes, sir.

Mr. POAGE. And what do you do about shipping from Puerto Rico into the United States, shipping a lot of animals?

Mr. CLARKSON. We have been engaged with the Commonwealth in a cooperative tick-eradication effort and that is about completed. They can move in here by being free of ticks from Puerto Rico, that is an interstate movement under our laws.

Mr. POAGE. Yes—you mean you have dropped all quarantine against Puerto Rico?

Mr. CLARKSON. Well, we still have an interstate quarantine but, as you suggested a while ago, the provisions of the quarantine can be met.

Mr. POAGE. What about the Virgin Islands, they cannot move into Puerto Rico, I understand.

Mr. CLARKSON. That is the same thing, they are infested with ticks in the Virgin Islands and the same interstate requirements would apply for movement into Puerto Rico.

Mr. POAGE. But if they cleaned up they can move on to Puerto Rico?

Mr. CLARKSON. Yes.

Mr. POAGE. Of course, they get most of their cattle from the British Islands in the Virgin Islands and this tick law is not as strict as the other, is it, if you move from a tick-infested country to another country, you can move them from the second country to the United States even though originating from a tick country?

Mr. CLARKSON. Yes, sir.

Mr. POAGE. In other words, if you move them from Cuba to Canada, which is a rather inconceivable situation, but if you do move them, then you could move them back into the United States?

Mr. CLARKSON. That is correct and we would raise no question about that.

Mr. POAGE. Well, isn't that a rather silly thing?

Mr. CLARKSON. Well, I think it comes back to this, that that is the way the law provides and I would not recommend a change because it carries with it the promise that if these countries get busy and clean up they can create pretty good trade.

Mr. HARVEY. Have you any instance to your knowledge where that circuitous route was used to bring livestock to our own area?

Mr. CLARKSON. Yes; in Mexico it came about that cattle were brought in from South America and a year later moved on into the United States—

Mr. HARVEY. Well, I had particular reference in this instance to the case of tick-infested cattle, whether you had any direct knowledge of cattle being brought in by way of Canada to evade the tick requirement.

Mr. CLARKSON. No, sir; I have not.

Mr. POAGE. As a matter of fact, as far as Cuba, all they have to do to send them to the American market is to skip to Mexico then have them dipped three times and then send them to Fort Worth or Kansas City.

Mr. CLARKSON. That could be done, as described earlier.

Mr. HARVEY. But you do not know whether it is being done?

Mr. CLARKSON. To the best of my knowledge it is not. I think we would know about it if it was done, outside of an occasional animal. We might find out only afterwards, but I am sure we would find out—people talk.

Mr. POAGE. Any further questions?

(No response.)

Mr. POAGE. Thank you very much.

(Whereupon, at 11:15 a. m. the subcommittee retired into executive session.)

ESTABLISHMENT OF FEDERAL DAIRY
STABILIZATION BOARD

H. R. 9741 AND OTHERS

MAY 1, 1958

ESTABLISHMENT OF FEDERAL DAIRY STABILIZATION BOARD

THURSDAY, MAY 1, 1958

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D. C.

The committee met pursuant to notice at 10:10 a. m., in room 1310 New House Office Building, Hon. Harold D. Cooley (chairman) presiding.

The CHAIRMAN. The committee will be in order.

Mr. Secretary, we are delighted to have you with us this morning. The committee recognizes the chairman of the Dairy Subcommittee, Congressman Abernethy, or, Mr. Secretary, do you prefer making your statement and thereafter being interrogated?

Secretary BENSON. Mr. Chairman, I have a prepared statement. I can cut it short if you desire.

The CHAIRMAN. We do not wish you to cut your statement short, but we remind the members, and everyone present, that the House meets at 11, and we are hopeful we can conclude before the House convenes. You may proceed to present your statement, and omit those parts which contain details of the bill, unless some members of the committee desire to interrogate you about provisions of the bill.

Mr. ABERNETHY. Mr. Chairman, before he does that, may I make a brief statement?

The reason I ask the privilege at this time, Mr. Secretary, is that I simply want to state that the bills which are entitled "Self-Help Bills" have created a tremendous interest throughout the Dairy Belt, and when I say the Dairy Belt, that includes all of the 48 States because the dairy industry extends into every State and every corner of the United States.

There have been 13, and possibly more, but I know of 13 of these bills which have been introduced. I would like to read into the record at this time the names of the members who have introduced the bills. They are: Mr. Bow, Mrs. St. George, Mr. Westland, I introduced one by request, Mr. Laird, Mr. Knox, and the late Mr. Smith of Wisconsin, Mr. Van Pelt, Mr. Withrow, Mr. Tewes, Mr. Tollefson, Mr. Bennett of Michigan, and I think Mr. Bow introduced a second bill. There may be others, Mr. Chairman, and if there are I will add their names to the record.

Now the appeal for this legislation seems to have been quite heavy. I do not know whether the appeal is because of the intriguing name which the program bears, or whether it is because of the program,

or both. But I have received many letters from all over the country, every week, wanting to know what Congress is going to do about "self-help." Inasmuch as the legislation does have tremendous interest, and since it seems to have tremendous appeal, and since it involves probably the largest segment of the agriculture economy, it was my feeling that this subject should be dignified with a hearing before the full committee, and with your appearance. It was for that reason that I requested the chairman to have you appear.

Personally, I am very grateful for your appearance, and I am sure the members of the committee are. I am also quite sure that the members who have introduced bills, who are not members of the committee, also appreciate your appearance this morning. I extended each of them an invitation to be with us.

With that, Mr. Chairman, I thank you.

STATEMENT OF EZRA TAFT BENSON, SECRETARY OF AGRICULTURE; ACCOMPANIED BY TRUE D. MORSE, UNDER SECRETARY OF AGRICULTURE; DON PAARLBERG, ASSISTANT SECRETARY OF AGRICULTURE; MARVIN L. McLAIN, ASSISTANT SECRETARY OF AGRICULTURE; AND MARTIN SORKIN, ASSISTANT TO THE SECRETARY

Secretary BENSON. Thank you very much, Mr. Abernethy.

I will proceed, Mr. Chairman, and omit discussion of the various provisions of the bill as such.

The CHAIRMAN. You may proceed.

Secretary BENSON. They were set forth in the letter which was sent to you some time ago, with copies, I believe, to all members of the committee.

I am pleased to discuss with you the dairy situation, and particularly the various dairy stabilization bills introduced by Members of the House of Representatives with a view to helping dairy producers.

It is most appropriate for this committee to consider the problems of the dairy industry and possible solutions. From the standpoint of numbers of farmers engaged in selling dairy products and the income derived therefrom, dairying is one of the most important segments of agriculture. The dairy enterprise ranks second as a source of income to farmers, being exceeded only by beef cattle.

The importance of the industry has long been recognized by the Department, and much constructive action has been taken to assist dairy farmers. We recognize, of course, that numerous problems remain to be solved, even though in 1957 cash receipts to farmers from sales of dairy products totaled \$4,643 million, the highest on record.

ACTIONS TAKEN TO ASSIST DAIRY PRODUCTS

The Department of Agriculture is helping the dairy industry to achieve more efficient production and marketing through research and education and through promotion and merchandising programs.

For years the Department has made great efforts to achieve increased efficiency in milk production through improved breeding, better feeding, and other desirable farm practices. We have sought ways and means of producing and marketing at lower costs. We have

helped to develop and encourage new and expanded outlets for dairy products.

We recommended and the Congress enacted in 1954 the Agricultural Trade Development and Assistance Act, Public Law 480, to move surpluses into constructive use. Under this law, we have moved a very large quantity of dairy products. This program has not only been of benefit to the dairy industry; it has also won much good will for this country.

Under title I of this law, we have programed the export movement of dairy products equal to about 1.4 billion pounds milk equivalent, with a value of \$71.8 million. We are using a substantial amount of foreign currency to develop markets abroad for dairy products.

We should note that unless action is soon taken to extend Public Law 480, dairy producers will lose some of the benefits which otherwise would be derived from extension of title I of Public Law 480.

Under title II of this law we have programed the donation to various governments a total of \$76.5 million of butter, cheese, and nonfat dry milk. These donations have been made for famine and emergency relief as provided by the law.

Under title III we have also donated very large quantities of dairy products to private and other eligible welfare agencies. A small quantity has been moved through barter. We have donated under title III a total of around 1.6 million pounds of nonfat dry milk, 337 million pounds of butter and butter oil, and 516 million pounds of cheese.

We are improving the nutrition of many schoolchildren under the special milk program. This program, now in its fourth year, is currently being undertaken under legislative authority for the use of \$75 million of CCC funds. It is operating in all the 48 States, the District of Columbia, Alaska, and Hawaii. A total of 1.8 billion half-pints of milk were consumed by children under the program last year. The program has made it possible for many more children to drink more adequate quantities of milk. It has also contributed substantially to the effective operation of the dairy price support program.

We are also donating large quantities of dairy products for distribution to schools under the national school lunch program, to eligible institutions, and to needy persons in this country.

During the past fiscal year 46 million pounds of butter, 32 million pounds of cheese, and 24 million pounds of nonfat dry milk were donated to the national school lunch program; 9 million pounds of butter, almost 16 million pounds of cheese, and 16 million pounds of nonfat dry milk were donated to eligible institutions; 12.5 million pounds of butter, 72 million pounds of cheese, and 83 million pounds of nonfat dry milk were donated to needy persons in the United States.

We have also made large quantities of surplus butter, cheese, and nonfat dry milk available for increased use by veterans' hospital patients and military personnel. A total of 23 million pounds of butter and nearly 2 million pounds of cheese have been transferred to the military agencies during the past 5 years. These transfers increased consumption of dairy products by military personnel and veterans' hospital patients over and above their normal use.

Under another special program, for which the Department pays part of the cost, the United States Armed Forces have more than doubled their consumption of fluid milk. In 1957 the military personnel used

about 560 million pints of milk more than they would otherwise have consumed. This program comes under provisions of the Agricultural Act of 1954 which not only authorizes purchase of fluid milk in carrying out the mandatory dairy price support operations, but also provides that CCC stocks of dairy products may be transferred for increased use by the Armed Forces.

Consumption of milk by veterans' hospital patients also has been increased.

We have made excellent progress during the past year under the accelerated brucellosis program. At the present time approximately one-third of all of the counties in the United States, including all of 11 States and Puerto Rico, have qualified as modified-certified areas. This means that the incidence of the disease does not exceed 1 percent of the cattle and 5 percent of the herds. If the program is continued at the present rate, it is expected that around 90 percent of the States will be certified by 1960.

Major efforts in our current dairy production research involve: (1) the national cooperative dairy herd improvement and sire proving program, and (2) breeding, nutrition, herd management, and physiological research. In our current utilization research program we are emphasizing (1) research into preparation of improved dry whole milk, particularly as to keeping qualities, improvements in flavor, reconstitutability and reduction in bulk; (2) fundamental research on cheese to obtain better quality and reduced costs of production; and (3) developing new and expanded uses of other dairy products.

Our research on marketing problems of the dairy industry is being directed particularly at market expansion for dairy products. We are studying market potentials and seeking more effective methods of presenting dairy products for purchase by consumers. We are surveying consumer buying habits, preferences, and other factors effecting purchases.

We are also studying factors bearing on costs and efficiency of marketing dairy products. These range from simple measurements of the farm-to-retail price spreads on a number of products to detailed engineering studies of various processing and marketing operations. New developments such as the shift from handling milk on farms in cans to handling it in bulk tanks may necessitate changes in the structure of the industry. Some of the Department's research is aimed at helping the dairy industry adapt its structure to such new developments.

In summary we are taking all the sound and constructive steps available to increase the use of dairy products. We are continuing to cooperate closely with the dairy industry in promotion and merchandising programs. We have urged the continuation of the Public Law 480 programs and also the programs designed to increase the consumption of fluid milk by children and military personnel. We are carrying out research and field education efforts to make more efficient the handling and marketing of milk and other dairy products. Butter, cheese, and dry milk continue to be donated to the school-lunch program, to charitable institutions, and to needy persons not only for the purpose of reducing surpluses, but also as a means of developing and strengthening markets. Dairy products will be exported in increased volume when this can appropriately be done. Efforts will be

continued to encourage the development and expansion of domestic and foreign markets for dairy products for the long-time benefit of our dairy farmers.

Now I will skip from there, if I may, over to the top of page 10. I would like this part put in the record, Mr. Chairman, if it is permissible.

The CHAIRMAN. Without objection, your entire statement may be included in the record.

Secretary BENSON. Thank you.

(The portion of the statement referred to is as follows:)

PROVISIONS OF THE DAIRY STABILIZATION BILLS

Self-help efforts, as distinct from government programs, are to be encouraged and aided. Self-help is in the American tradition—and a far more healthy, progressive, prosperous agriculture flows from individual planning, self-reliance, and self-help than can ever be achieved through dependence on government.

The self-help principle in its broad sense is a most desirable objective for the dairy industry. Yet I find it necessary to recommend against the enactment of legislation such as embodied in H. R. 10043, H. R. 9743, H. R. 10060, and other bills which have been presented as self-help measures. Much as I regret the need for this decision, there are compelling reasons.

The reasons lie in the principal provisions of the bills. They are not truly self-help measures.

1. These bills would create in the Department of Agriculture, as an independent agency and instrumentality of the United States, a Federal Dairy Stabilization Board. The Board would consist of 15 milk producers or officers of dairy cooperatives appointed by the President from nominees selected on a regional basis by milk producers. The Secretary of Agriculture would be an *ex officio* member without vote. The Board could use employees and services of any Federal agency. Or it could set up its own staff outside the civil service system.

2. These bills would require the Secretary of Agriculture to appoint a Federal Dairy Advisory Committee of 12 members. They would represent manufacturers, producers, handlers, and distributors of milk and its products, consumers, other agricultural commodities or programs, and other interests directly concerned with the operations of the act. The committee would confer with and advise the Board concerning the dairy stabilization program.

3. These bills would give to the Board almost unlimited authority to acquire facilities and to acquire, process, store, sell, donate, advertise, and otherwise handle milk and dairy products.

4. These bills would authorize and direct the Board to stabilize prices of milk and butterfat to producers and to determine and announce price-support levels. The Board would take into consideration such factors as the declared policy of the act, the importance of milk and dairy products to the health and general welfare of the Nation, and the estimated supply and demand situation for milk and its products. Other factors would be the support level for feeds; the cost of producing, processing, and marketing milk and dairy products; relative prices of other foods; hourly returns for labor; and the need for and reasonable relationship between the prices that farmers receive and pay.

5. These bills would authorize and direct the Board to carry out price support through purchases of milk, butterfat, or other dairy products. They would give to the Board the same broad authority that CCC now has to sell, donate, or barter any dairy products acquired by it, in domestic and foreign outlets, and for use by the armed services, in school lunches, and for welfare uses.

6. The Board could transfer to CCC, or dispose of the CCC account, quantities of dairy products equal to imports of dairy products and the increased production of milk and butterfat resulting from diversion from production of other commodities under control programs. CCC would be required to pay to the Board the full cost of such products. United States Government agencies would be required to cooperate with the Board in the disposal of dairy products acquired by the Board by barter, exchange for foreign assets or currencies, and in the use of foreign currencies in connection with relief distribution or procurement activities.

7. Whenever the Secretary of Agriculture determined, after public hearing, that the Board's operations had resulted, or would result, in unreasonably high prices to producers, he must prescribe a support level and recommend action by the Board. If the Board did not take such action, the Secretary could petition the United States court of appeals for a decree directing the Board to take such action or to cease and desist from other action.

8. The Board could borrow from anyone, pledging dairy products as collateral or without security. CCC would be required to loan to the Board, without security, amounts requested by the Board up to \$350 million outstanding at any one time.

9. The Board would be required to determine marketing assessments to cover cost of price supports, except costs due to imports and crop diversions. Whenever marketing allotments were in effect, the Board could establish different assessment rates for producers' sales within allotments and sales in excess of allotments. The first buyers of milk and butterfat from producers would withhold the assessments from prices paid producers and would pay the assessments to the Commissioner of Internal Revenue. There would be appropriated, for use by the Board, sums equal to the assessments collected. Marketing assessments also would be collected on imports of dairy products, for use by the Board.

10. These bills would require the Board to put into effect a marketing allotment program for any marketing year when the marketing assessment would exceed a given figure, such as 25 cents per hundredweight of milk. The Board would allocate bases to individual producers, taking into consideration historical production, trends, and other factors. It would allocate the "available markets" to producers annually and would issue marketing certificates to producers covering their marketing allocations.

11. A referendum would be held to determine whether dairy farmers favor a dairy stabilization program as provided in these bills or a price-support program as provided by the Agricultural Act of 1949. If producers approved the dairy stabilization program the Board would be required to support prices to producers for milk and butterfat for the marketing year beginning April 1, 1959, at 90 percent of parity. The marketing assessment would be 25 cents per hundredweight of milk or milk equivalent. In computing the support level for manufacturing milk, the Board would be required to use the July 1946-December 1948 average ratio instead of the lower last 10-year average ratio of manufacturing milk price to all milk price. Thereafter the Board would set the support levels and the assessment rates. The Board's stabilization program would be subject to subsequent referendum to determine whether it should be continued or discontinued, if 10 percent of the producers petitioned for such referendum.

12. The Board's operations would be exempt from taxes, antitrust actions, and other laws applicable to Government contracts.

13. These bills would suspend dairy-price-support operations by the Secretary during the Board's operations.

Secretary BENSON. Starting at the top of page 10, are serious questions involved in the various self-help bills:

These bills represent an effort by representatives of dairy producers to develop a self-help program under which a large part of the cost of dairy-price-support operations would be transferred from the Federal Government to the producers. Self-help objectives, I repeat, are meritorious and warrant careful consideration. However, there are several provisions in these bills which raise important questions regarding delegation of authority and responsibility, the lack of limits on price support level, and administrative feasibility.

Broad authority with respect to dairy-price-support operations would be vested in an independent board of producer representatives. If producers initially voted in favor of the stabilization program, the Board would determine the level of support and the amounts of assessments on producers' sales of milk and butterfat after the first year. Producers would have further opportunity to approve or disapprove

the Board's actions only if 10 percent of the producers petitioned for another referendum.

The Board could act without the approval of either the Secretary of Agriculture or the President. Moreover, the guiding standards in these bills are very broad. Except for the first year, they do not specify any maximum or minimum limit on support level. It appears advisable for the Congress to continue to determine the criteria and maximum support levels for agricultural commodities.

If producers voted in favor of the stabilization program, the support level for the first year would be 90 percent of the parity price for butterfat and 90 percent of the parity equivalent price for manufacturing milk. The base period would be the 30-month (July 1946–December 1948) average ratio of 88 percent between the price of manufacturing milk and the price of all milk, instead of the last 10-year average ratio now used, which for 1958 is 81.2 percent. Based on the March 1958 price of all milk, different percentages of the parity equivalent price of manufacturing milk as computed by the present method and the proposed methods are as follows:

Then we show the 2 columns, the "Present method (basis, 10-year average)" and the "Proposed method (basis, July 1946 to December 1948 average)" and you see the results of calculations here.

	Present method (basis, 10-year average)		Proposed method (basis, July 1946 to December 1948 average)	
	Percent	Amount	Percent	Amount
Parity price of all milk at wholesale per hundredweight-----		\$5.02		\$5.02
Ratio of manufacturing milk to all milk prices-----	81.2		88.0	
Parity equivalent price of manufacturing milk per hundred- weight-----	100	4.08		4.42
	90	3.67		3.98
	75	3.06		3.31

Butterfat parity is not altered by the proposals. Based on March 1958 parity data 90 percent of the parity price of butterfat would be 67.9 cents per pound as compared with the support price of 56.6 cents per pound announced for the current marketing year.

Thus, if producers voted in favor of the program, the following increases would be required over the 1957–58 support level:

Manufacturing milk: 73 cents per hundredweight, or an increase of 22 percent.

Butterfat: 9.3 cents per pound, or an increase of 16 percent. After deduction of the prescribed 25-cent assessment for the first year, the net support level would still be above the 1957–58 support level by 48 cents a hundredweight, or 15 percent, for manufacturing milk, and a somewhat lower percent for butterfat (depending upon how the butterfat assessment rates were computed). The effect of the increased support level would be to further encourage milk production. The higher support level would result in approximately corresponding relative increases in prices to consumers for milk and its products. This would decrease consumption.

It is apparent, therefore, that with similar production and marketing conditions a substantial increase in purchases of dairy products

would be necessary to make the higher support level effective. This could result again in the accumulation of large stocks of dairy products, since the Board, operating as a Federal agency, would be confronted with the same problems of international trade and relationship as would be encountered under the present type of program.

The present method—computing the parity equivalent of the price of manufacturing milk by administrative determination—is preferable to fixing by law a method that requires the use of a relationship that existed 10 years or more ago. Moreover, the present method of using the latest 10-year average relationship allows for trends and is consistent with the modernized parity provisions of existing legislation.

It appears preferable for Congress to continue to leave to administrative determination the actual level of support within prescribed ranges rather than to prescribe specific levels of support for specific years.

The bills would require marketing allotments on sales of milk and butterfat by individual producers if the marketing assessment would exceed 25 cents per hundredweight of milk. The apparent purpose of such allotments is to make it possible to establish relatively high assessment rates on overquota sales. The objective is to tax the surplus out of existence. This provision warrants careful consideration.

Much study has been given to the feasibility of a dairy allotment program by the Department of Agriculture, the dairy industry, and farm organizations. Very difficult administration problems would be involved. These are associated with seasonal variation in milk production and seasonal distribution of individual producer's allotments. Such allotments would be necessary in order that first buyers of milk and butterfat would know, when they paid for such milk and butterfat, the quantities on which they must deduct the differential assessment on overallotment milk and butterfat. These sums must be remitted monthly to the Commissioner of Internal Revenue. Because the experience with crop allotments has not been highly satisfactory, we are sure that such controls on dairy producers would be even less acceptable and successful in controlling output of dairy products. The Department questions the advisability of legislation that would require milk and butterfat allotments.

The bills would, in effect, exempt producers of milk and butterfat from self-financing dairy-support operations attributable to imports of dairy products and to diversions from the production of other agricultural commodities resulting from such Federal production-control measures as acreage allotments.

With respect to imports, section 22 of the Agricultural Adjustment Act, as amended, provides authority to restrict imports of dairy products to prevent their interference with the dairy price-support program. With respect to diversion, there is no satisfactory basis for measuring the effects of crop-acreage allotments quoted and related programs on the production of milk. There are too many offsetting and immeasurable influences.

Milk production is influenced by numerous factors. These include the relative farm prices of milk, butterfat, and other commodities—including those subject to acreage allotments or marketing quotas—feed prices, supplies and quantities under loans, and technological

developments in both crop and livestock production. It would be virtually impossible to determine with reasonable accuracy what part of the total milk production, or of the price-support purchases, should be attributed to each factor.

The self-help principle in its broad sense is a desirable objective for all agriculture. Reaching this goal calls for a better adjustment between production and consumption, more efficient production and marketing, more freedom from Government regulations and interference, and less dependence upon Government price supports and related programs.

It would appear, however, that several major policy considerations must be resolved before a definitive position can be taken with respect to this type of legislation. Such questions which the Congress should decide include:

1. The desirability of giving very broad authority on price support and related operations to a commodity board not directly subject to control by the legislative and executive branches.

2. The desirability of providing similar authority to other commodity groups. If so, there would be the need to set up a superboard to coordinate the decisions of the various independent commodity boards.

3. Since the granting of broad authority to agricultural commodity boards to fix minimum prices would be a reversal of the policies agriculture had advocated for over half a century on certain nonagricultural services, what should our position be with respect to these other controls? These include costs of services farmers buy, such as freight rates, truck transportation rates, electricity, and so forth.

4. What should be our policy with respect to providing adequate protection to the general public under the commodity board setup?

5. If a dairy board is set up, should the Secretary of Agriculture have veto power over its actions? In evaluating this policy consideration should be given to the following:

(a) What actions should be subject to veto?

(b) Who would reconcile differences between the Secretary and the board?

(c) Who would have responsibility for the decisions made?

(d) To what extent would divided authority affect efficient operations?

(e) To what extent would veto authority permit the Secretary to reconcile the price-support actions of the various commodity boards?

(f) To what extent would a double review of every major action result in duplication of personnel?

6. How will the plans be financed to the extent the assessment does not cover costs? This question arises because while the various plans claim to be self-financing all call for the borrowing of large sums, such as \$350 million from CCC with no provisions for repayment. If the plan is not successful and builds up a substantial deficit so that farmers vote to return to the present price-support method in order to avoid paying high assessments, what happens to the unpaid obligations to CCC?

7. Because a single commodity board is not subject to the same overall commodity responsibility with respect to international rela-

tions as a Government agency, this commodity board approach on disposal operations could undo in the international field much of the good being done through other efforts.

CONCLUSION

The dairy industry already is using the self-help principle.

Many dairy farmers are helping themselves by producing milk more efficiently through better breeding, better feeding, culling, quality improvement, and other practices. They are also striving to improve the marketing of their milk and butterfat through cooperative actions. A major feature of the current revolution in the dairy industry is the establishment of modern, efficient processing plants, and the development of dairy products in packages more appealing to consumers. More effective merchandising by individual distributors is being supplemented by group advertising and promotion of milk and its products. This is financed by farmers through voluntary deductions from the prices they receive for milk and butterfat.

Emphasis on increasing consumption of milk and its products in the regular commercial market channels offers the best solution to the dairy problem. It is estimated that if all householders that are low on calcium were to raise their consumption to the recommended level, milk consumption would go up about 9 percent. This is roughly double our current annual purchases of dairy products for support purposes. Not only would it wipe out the surplus, it would call for a substantial increase in production.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Mr. Secretary, your statement indicates you do not favor the bill, does it not?

Secretary BENSON. I am for the principle, Mr. Chairman, and self-help in the dairy industry has done a great deal in that area. But I think these bills, as we have studied them, would not give the answer.

The CHAIRMAN. We had a statement from the Department, dated April 16, by Mr. Morse, I think, which indicated the position of the Department. As Mr. Abernethy pointed out, the legislation was of such general interest, the idea of self-help, that he felt it necessary to suggest that we have a public hearing and have you present your position on these proposals. Thirteen bills have been introduced, as pointed out in the statement to you. I should like now to recognize Mr. Abernethy.

Mr. ABERNETHY. Mr. Chairman, I only have a few questions. We do not have but about 21 minutes before the House meets, and I certainly do not want to take more than 3 or 4 minutes of that time, if that much.

Mr. Secretary, it has been the philosophy of the Department under your leadership that agriculture should, as much as possible, get away from government. In your judgment do the "self-help" bills which we have before us, all of which are almost identical, in your judgment lead the dairy industry away from government, or do they lead to more government?

Secretary BENSON. Mr. Abernethy, only time would tell, of course, definitely. It would certainly lead into more regulation and more control, and I think more difficulties for the dairy industry. Just

how much the Government would be in it in the matter of financing, the supervision—some of these questions I have raised would have to be determined.

Mr. ABERNETHY. Well, incidentally, the questions you put to us, you put them in such a fashion that as I interpret your statement they are questions which you have already answered in your own mind, and the answers are such that they do not leave you in the position of supporting the legislation. In other words, the questions actually are more or less critical, constructive criticism, should I say, of the legislation. That is what they amount to, do they not?

Secretary BENSON. That is correct, sir.

Mr. ABERNETHY. All right, now, what is your judgment as to the cost of the program as compared with the present program for the dairy industry, the cost to the Government, could it be more or could it be less? What are the probabilities?

Secretary BENSON. Well, of course, no one knows, Mr. Abernethy. In the first place, it calls for possible borrowing from the CCC, or requests for funds up to \$350 million. It also gives the board very broad authority to borrow from any possible source, including the Government. Just how much they would need to borrow in order to carry forward the obligations under this legislation no one can tell. We think it would be very sizable and larger than the cost of the various dairy programs of the present time.

Mr. ABERNETHY. Well what security is there for the borrowing, for the repayment, or is there any? Does the bill contemplate any—

Secretary BENSON. As I recall, the bill says that the Board could borrow with or without security.

Mr. ABERNETHY. Would this sort of a program, in your judgment, give more or less freedom to the dairy industry?

Secretary BENSON. It would give much less freedom to the dairy industry in my judgment.

Mr. ABERNETHY. On March 26, at which time we had been checking with the Department in an effort to fix a day with you for this hearing. I was very anxious to have the hearing about that time only because I was being besieged, shall I say, by members who have introduced these bills, and other interested parties, wondering when and if we were going to get to them. You made this statement to us:

At the last meeting of the National Agriculture Advisory Commission this matter—

speaking of this legislation—

was discussed in great detail. After a thorough analysis of one of the proposed bills, H. R. 10060, the Commission unanimously recommended against the legislation. However, they recommended that the Department study further the feasibility of developing a truly self-help program.

Now I can only interpret that to mean that this program, in the judgment of the Department, is not a "truly self-help" program. So may I ask whether or not the Department is now studying what it regards as a "truly self-help" program, and, if so, does the Department contemplate submitting that program to the Congress in time for us to give it the consideration which it should have prior to adjournment this year?

Secretary BENSON. Congressman Abernethy, what you say about the action of the bipartisan Agriculture Advisory Committee is true,

of course, they did turn it down unanimously after careful study. We have had this matter under study for many months in the Department; we still have a committee giving consideration to it. However, they have been unable, to date, to come up with any additional programs which we feel, and which they feel, are sound, and that they would recommend for action.

I have outlined what is being done. Now it may be there will be some additional things we can do. To date we have not found any. But the committee is still active.

Mr. ABERNETHY. May I read further from your message:

The CCC Advisory Board meeting here now is also studying the proposed self-help bills. It is probable that they will give recommendations regarding this legislation shortly. I should be glad to testify before your committee at the earliest possible adte after we have obtained the recommendations of the CCC Advisory Board and a further careful analysis here in this department of this question of feasibility of a truly self-help bill.

Now let us pause right there.

As I understand, this Advisory Commission has had this matter under consideration quite some time; they have continued the study since we received this message from you about a month ago. This is in no criticism, Mr. Secretary, of you or the Board, or the Commission, but as I understand it, they have not yet arrived at what you would regard, in the words of the Department, a "truly self-help" plan.

Secretary BENSON. Congressman Abernethy, the Advisory Board to the Commodity Credit Corporation is bipartisan and provided by the Congress. They did complete their study of these proposed bills, and unanimously recommended against enactment of such legislation. In other words, they took the same action as that of the National Advisory Agricultural Commission.

Mr. ABERNETHY. Well now, 1 or 2 general questions.

The Department presents one strong objection to this bill, which may have some merit, in that it puts the principal portion of the administration of the program under an independent board, over which the Secretary and the leadership of the Department have no control. Is that right?

Secretary BENSON. Yes; I think that is essentially correct. And the Congress.

Mr. ABERNETHY. And might result in the Board and the Department finding itself at loggerheads, and that would present some serious difficulties, more particularly, as to the manner and method in which you might desire to administer the Department's program?

Secretary BENSON. As I read the various bills, there would be no authority in the Secretary, or in the Congress, to control the operations of the Board except through new legislation.

Mr. ABERNETHY. There is one thing you pointed out, which I think emphasized that these measures provide for allotments or quotas. Is that in the nature of marketing quotas?

Secretary BENSON. Yes, marketing quotas or allotments.

Mr. ABERNETHY. Am I correct in assuming that the Department strongly objects to such a provision?

Secretary BENSON. Well, certainly we would for livestock products or dairy products, perishable items particularly. We think they would

not work, and work effectively. We would question seriously the wisdom of attempting quotas or allotments on dairy products.

Mr. ABERNETHY. Mr. Secretary, with the Department's well-known objection to quotas and allotments would that not make the program as here outlined impossible for enactment?

Secretary BENSON. Of course that is a major part of the bill, providing the assessment goes above 25 cents, and our analysis indicates that it would go higher than that so that allotments would be put into operation——

Mr. ABERNETHY. Now this question, and then I am through——

Secretary BENSON. After the first year.

Mr. ABERNETHY. I beg your pardon?

Secretary BENSON. I was going to add, after the first year.

Mr. ABERNETHY. Do you think it is possible that the Advisory Board might have some recommendation akin to this subject in the next 60 or 90 days?

Secretary BENSON. No; I would think it would be very doubtful that they would.

Mr. ABERNETHY. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Hill.

Mr. HILL. Mr. Secretary, that is a very fine statement that you made for us this morning, but I would like to have you discuss for us for a few moments, on page 2, why the importance of extending Public Law 480 in as short a time as possible?

Secretary BENSON. Congressman Hill, as you know, our funds are exhausted for the 480 program. We have a number of possibilities where we would like to start negotiations for additional programs with several countries. We cannot go very far until we are assured we are going to get additional funds.

The CHAIRMAN. May I interrupt, Mr. Secretary, to say to you, and Mr. Hill, we start hearings Monday morning on Public Law 480. We do not anticipate they will be very long.

Secretary BENSON. Thank you, Mr. Chairman. I hope the action can be expeditious because it would help us in keeping up our exports abroad.

Mr. HILL. Yes; but what I was driving at—of course I knew about the hearings—was to find out how you applied the extension of 480 to the dairy testimony that you are giving here this morning. In other words, what part of 480 funds and its application, not only to our domestic agriculture program but to your foreign relations——

Secretary BENSON. We are using dairy products under all three titles of Public Law 480 at the present time. One of the important items, and one I did not go into because of lack of time here, is this matter of market development. We are developing markets, export markets, for dairy products through school lunches, and other programs abroad. We will need funds to move forward under all three of these titles in the use of dairy products.

Mr. HILL. Could you give us any idea of the percentage of effort and the money on 480 that is being used presently, or at this moment, promoting the dairy industry?

Secretary BENSON. I have the total dollars used here, but to give you a percentage figure, I would have to relate it to—we can supply it for the record.

(The information requested is as follows:)

Section 104 (a) market development projects since the program began in July 1955 through March 1958 had a total value of \$12,904,000, which included USDA contributions in foreign currencies valued at \$9,858,000 and trade contributions of \$3,046,000. Projects undertaken to date have included work with 44 cooperators in 29 countries. Of this amount, \$590,000 has been expended for the promotion of dairy products abroad, of which USDA has contributed \$475,000 and trade groups have contributed \$115,000.

The CHAIRMAN. You set it out, on page 2, I think, very much in detail.

Secretary BENSON. Yes, except the percentage is not there, Mr. Chairman. We can provide the percentage figures if you would like them.

Mr. HILL. That is all.

The CHAIRMAN. Mr. Secretary, I would like to compliment you for having reminded us, and the public, of the efforts that are being made on behalf of the dairy farmers. Frequently we have it said, by some of our colleagues, that some of us on this committee are not interested in the dairy farmers. They point out the fact that a large number of the members on this committee come from the South. Actually, every law you referred to as being beneficial to the dairy farmers came out of this committee. Is that not true? The brucellosis program for the dairy farmer, the Public Law 480 program for the dairy farmer, the school milk program for the dairy farmer, and other legislation? All of these programs you are now administering were reported out of this committee room, with a nonpartisan vote. Is that not true?

Secretary BENSON. I think, Mr. Chairman, that a large proportion of them, probably all of them—I have not checked each one—have come out of this committee, sir.

The CHAIRMAN. Certainly all of them came through this committee.

Secretary BENSON. They came through this committee, of course.

Mr. SIMPSON. Mr. Secretary, on page 3 of your statement you stated 46 million pounds of butter were donated to the national school lunch program, 9 million pounds of butter were donated to eligible institutions, and 12 million pounds of butter for needy persons in the United States. Roughly, do you have any idea how much it cost the taxpayers to give that away?

Secretary BENSON. We would have to compute it, Congressman Simpson. We could easily do it, however.

Mr. SIMPSON. It was given away, and it was marked off Commodity Credit Corporation stocks, and everyone is talking about the high cost of the agricultural programs. What I would like to know is, on this, and on page 16 where you transfer a lot of milk and butter to the military, does the Agriculture Department get credit for those transfers?

Secretary BENSON. We can provide that for the record, if you would like it.

Mr. SIMPSON. Does the Agriculture Department or CCC get credit for all those transfers? Is it a dead loss to the Agriculture Department?

Secretary BENSON. The donations are, of course, and these are donations that we are talking about here.

Mr. SIMPSON. Giving milk to the needy, giving milk to the school lunch program, giving milk to eligible institutions and the military,

including butter, don't you think the Agriculture Department or CCC should get credit for that?

Secretary BENSON. I would be inclined to think so, at least part credit for it.

Mr. SIMPSON. It would at least cut down the cost of the Agriculture program, which a lot of people are complaining about.

Secretary BENSON. That is right.

Mr. SIMPSON. One last question. On page 17, Mr. Secretary, you state that the program of promotion and so forth, and advertising of milk and its products, is financed through voluntary deductions from the prices they receive for milk and butterfat. What is the difference between this voluntary markoff on the dairy products and the proposed legislation for this committee on the voluntary markoff on the meat program?

Secretary BENSON. I will ask Dr. Paarlberg to comment on that, if he will, please.

Mr. PAARLBERG. In the meat program there is specific legislation under the Packers and Stockyards Act which, as we interpret it, makes it illegal to provide for deductions of this kind, whereas the dairy program operates under different legislation.

Mr. SIMPSON. Well the very purpose of this committee's legislation is to make this voluntary markoff for livestock the same as it is for every other agriculture commodity.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. Johnson.

Mr. JOHNSON. Mr. Chairman, I have 3 questions I would like to ask the Secretary, and probably 4.

Would you be in favor of this legislation if the control were shifted to the Department of Agriculture so they had more equal control?

Secretary BENSON. No, sir; I would not.

Mr. JOHNSON. What is the best estimate of the Department as to the average price consumers will pay under H. R. 10043 for milk per quart, and butter per pound, and cheese per pound?

Secretary BENSON. Our technicians have given careful consideration to that question, and of course the figures are not 100 percent accurate. But our best estimates, assuming no changes in the gross margins covering processing and distribution, they come up with the figure that retail prices would be increased by approximately 9 cents per pound of American cheese, 11 cents per pound of butter, and about 2 cents per quart of milk. That represents increases of 16 percent, 15 percent, and 8 percent, respectively.

Mr. JOHNSON. What is the Department's best estimate as to the amount that consumption of butter, milk, and cheese will be reduced as a result of those price increases?

Secretary BENSON. Well, in consumption in 1958 under present support levels, will be approximately 5.3 pounds of cheese and 8.6 pounds of butter and 142 quarts of fluid milk. Under this legislation the price increases indicated would likely result in declines in consumption of between 8 and 10 percent in the case of cheese and butter and around 3 percent in the case of whole milk.

Mr. JOHNSON. I did not get that?

Secretary BENSON. Around 3 percent in the case of whole milk and between 8 and 10 percent in the case of cheese and butter. That is their best estimate.

Mr. JOHNSON. Opponents of the legislation are making the statement that it will take more than 25 cents per hundredweight to take care of this surplus. As I understand the workings of the legislation, the 15-man board is going to do a good deal of the same job which the Commodity Credit is doing at the present time. Is that your understanding, they are going to buy up the surplus on the market and dispose of it?

Secretary BENSON. Yes; there will be some similarity. It goes beyond what CCC does.

Mr. JOHNSON. What is the best estimate of the Department on the amount of assessment per hundredweight of milk which would be required for the program to be fully self-financed after the first year?

Secretary BENSON. That is a bit hard to estimate, but assuming 90 percent supports, our technicians have done some calculating, including the extra quantity of nonfat dry milk which probably would be purchased. The total cost of products likely would be in excess of \$500 million net. Now it might be assumed, of course, that the base assessment on total sales would be about 20 cents per hundredweight, which would raise around \$240 million in the year 1959, for example. Therefore, on the over quota sales of milk, something over \$260 million would need to be collected, or the equivalent of about \$2.60 a hundredweight. That would be on the surplus milk.

Mr. JOHNSON. That would be the assessment on the surplus. The 25-cent assessment would then be sufficient—

Secretary BENSON. No, it would not be sufficient. This \$2.60 would be in addition to the 25 cents, as I understand it.

The CHAIRMAN. Mr. Hoeven.

Mr. HOEVEN. Mr. Secretary, you have given us a very comprehensive and enlightening statement on what is being done on behalf of the dairy industry. In your statement you made reference to the fact that section 22 of the Agricultural Adjustment Act, as amended, provides authority to restrict imports of dairy products. Now the question arises many times as to what the balance is between imports and exports of agricultural commodities, dairy commodities. Do you have that information available?

Secretary BENSON. I do not have it right here this morning. We could easily get it. But normally, we have had very little international trade in dairy products. However, we have been moving large quantities of dairy products under the 480 program. We do import some dairy products, we export some. But the volume, through many years of the past, has not been very large, relatively.

Mr. HOEVEN. Well, do the exports exceed the imports?

Secretary BENSON. Yes, they do.

Mr. HOEVEN. Would you provide us with some of that information for the record?

Secretary BENSON. Yes, we can provide that if you care.

The section 22, of course, is provided by the Congress to protect the support program, as you understand.

(The information requested is as follows :)

Imports of dairy products during the past several years have had a value approximately \$42 million. Since most of the dairy products imported are under import regulation, there is little year-to-year variation in either quantity or value.

More than 95 percent of the total value of dairy imports in the past 4 years was in the form of cheese and casein.

Table note.—Quantities and values as reported by the Bureau of the Census and agencies administering programs. Total quantities less than 50,000 pounds and total values less than \$50,000 not reported.

Dairy product exports from the United States in fiscal years 1956 and 1957, by weight and value, in specified Government-financed programs, and total exports

[In million pounds and million dollars]

Commodity, quantity, and value	Public Law 480			Public Law 665, sec. 402, and economic aid	Total specified Government programs	Excluding specified programs	Total exports
	Title I	Title II	Title III, sec. 416				
Butter, butter oil, and ghee:							
Fiscal year 1956:							
Million pounds.....	4.7	3.5	171.8	4.4	184.5	38.5	222.1
Million dollars.....	1.9	2.4	81.0	2.2	87.3	17.2	104.5
Fiscal year 1957:							
Million pounds.....	3.6	20.1	4.0		27.8	4.9	32.7
Million dollars.....	2.0	13.2	2.1		17.3	1.7	19.0
Cheese:							
Fiscal year 1956:							
Million pounds.....	2.5	20.8	120.9		144.3	11.7	156.0
Million dollars.....	.7	9.8	33.6		44.1	3.7	47.8
Fiscal year 1957:							
Million pounds.....	5.1	31.2	128.2		164.5	9.9	174.4
Million dollars.....	1.1	13.8	37.2		52.1	3.3	55.4
Canned milk:							
Fiscal year 1956:							
Million pounds.....	5.5			76.2	81.6	94.0	175.6
Million dollars.....	.7			12.6	13.3	14.9	28.2
Fiscal year 1957:							
Million pounds.....	17.4			149.8	167.2	50.8	218.0
Million dollars.....	2.9			25.5	28.4	9.1	37.5
Dry whole milk:							
Fiscal year 1956:							
Million pounds.....				1.7	1.7	45.4	47.1
Million dollars.....				.8	.8	22.5	23.3
Fiscal year 1957:							
Million pounds.....	2.0			.9	2.9	38.1	41.0
Million dollars.....	.9			.5	1.4	18.5	19.9
Nonfat dry milk:							
Fiscal year 1956:							
Million pounds.....	12.2	21.5	349.3	4.5	387.5	84.1	471.6
Million dollars.....	1.1	4.3	52.4	.7	58.5	4.4	62.9
Fiscal year 1957:							
Million pounds.....		48.8	439.5	.3	488.6	116.6	605.2
Million dollars.....		9.4	65.9		75.3	4.9	80.2
Other:							
Fiscal year 1956:							
Million pounds.....				.8	.8	13.1	13.9
Million dollars.....				.5	.5	8.5	9.0
Fiscal year 1957:							
Million pounds.....				2.0	2.0	10.9	12.9
Million dollars.....				1.2	1.2	7.3	8.5

Mr. HOEVEN. I understand.

The CHAIRMAN. Mr. Anfuso.

Mr. ANFUSO. Mr. Secretary, I wish to compliment you on the presentation, and also on the study which has gone into your statement.

On page 17 you make this statement:

This commodity board approach on disposal operations could undo in the international field much of the good being done through other efforts.

Are you restricting that observation to Public Law 480?

Secretary BENSON. No; I am talking about the overall situation. However, I do think we have built up a lot of good will through Public Law 480.

The CHAIRMAN. That is true.

Mr. TEWES. Mr. Secretary, I think you know that I would like to engage you at some length on this because we have some strongly divergent views on self-help. However, I shall save those questions for the time when I will be able to make a statement such as you have here. However, I would like to ask just this one question. The real issue involved here is self-help. You have indicated that you favor self-help, but according to your interpretation, that means your present program and none other; is that—

Secretary BENSON. Well, may I say my mind is not closed, nor is the door of the Department closed. We are looking constantly for any further self-help measures, or programs, that we think are feasible and workable and would be helpful to the dairy industry.

Mr. TEWES. But to date the Department has approved none that have come, even from other commodities; is that correct?

Secretary BENSON. I think we have approved only those I outlined.

Mr. TEWES. Yes. Now is it not possible, with relation to this self-help and controls, that a dairy farmer would be perfectly willing to submit to controls and to regulation so long as they are voluntary, so long as they are instituted by his own board which he helps to choose, to enhance the value of his product as contrasted with the kind of controls which come from a Government agency where the factors of politics and elections and regions and geography and other commodities are involved? Aren't those two entirely different types of controls, as far as the average farmer is concerned?

Secretary BENSON. Well, yes; it is somewhat different. Of course, the dairy industry has not experienced any controls. There are no controls on dairy products at the present time, as you know. The tendency is that when farmers have experience with controls, they want less of it rather than more of it.

Mr. TEWES. Yes; when it is Government rather than voluntary controls?

Secretary BENSON. Yes.

Mr. TEWES. Except that by contrast, we have controls in the form of legislation on minimum wages and peril points in reciprocal trade, for labor and business groups. Now, in effect, you are saying that the same kind of control for agriculture is unacceptable. If you were over in the Labor Department, you would probably be against minimum wages; and if you were over in the State Department you would probably be against peril points. Your own personal philosophy, and those around you, is that these aids of Government are hindrances to the individuals concerned rather than a help. Do I correctly state your view?

Secretary BENSON. Mr. Tewes, I milked cows a good part of my life, not only as a producer, but a producer-distributor, and my sympathies, naturally, are with the dairy farmer. I would be willing to devote any amount of time to help work out any program which I thought would improve his situation. But our study of these proposals leads us to the conclusion, which I have indicated. It does not mean we are through, that we are not going to continue studying the problem; we are. We have a committee working on it now. However, we do feel that the controls involved in this legislation would be harmful to the dairy industry rather than helpful.

Mr. TEWES. Well this is in the direction of taking the Government out of agricultural programs. It takes one meager, little step, actually, by giving the farmer a referendum, and the opportunity to decide whether he wants these controls. If he votes against the referendum he does not get the controls; if he votes in favor of the referendum, he subjects himself voluntarily to those controls. He thus turns this matter away from the Government, over to a board of his own choosing. I do not see how there could be any kind of a program which would be further in the direction of self-help, such as you have advocated here, except to go to a completely free market where farmers will chop one another apart.

Do you have any comment on that?

Secretary BENSON. I think I have nothing further to say other than what is in the statement, Mr. Tewes.

Mr. TEWES. That is all.

The CHAIRMAN. Mr. Secretary, we thank you very much for your appearance here this morning. I would like to say to you if as a result of the studies that you are now making, you come to the conclusion that you have something to propose to this committee that will be beneficial to the dairy farmer, or relieve him of his present predicament, we will be glad to have you come and present your recommendation any time.

Secretary BENSON. Thank you.

Mr. JOHNSON. May I ask one question?

Mr. Secretary, would you approve a program somewhat similar to the wool program for the dairy farmer?

Secretary BENSON. As I have indicated many times, the program on wool is a program for a deficit commodity to encourage production, to try and reach a goal which has been set by the Congress. The problem is not comparable at all with dairying. We have a surplus problem with dairy products at the present time. It is not a deficit commodity, and I do not think that program would work on dairy products.

Mr. JOHNSON. In thinking of the wool program, as regards to the dairy farmer, you would have to have a quota basis in order to guarantee your price that the wool farmer is now guaranteed?

Secretary BENSON. Yes.

Mr. JOHNSON. That would be the main difference.

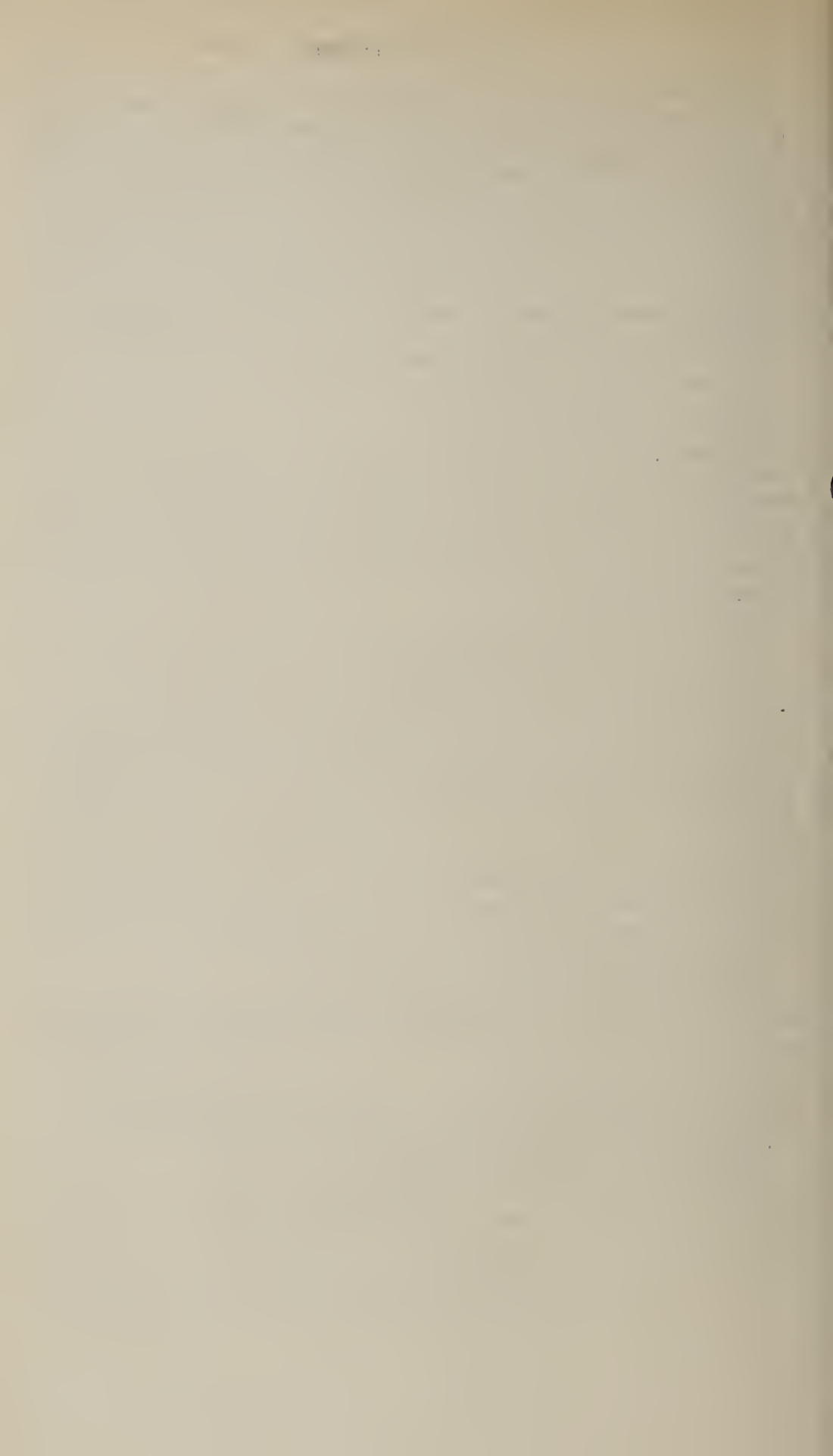
Secretary BENSON. Yes; you would have to have quotas and controls. You would have to work in just the opposite direction, as your problem in dairying now is one of expanding markets, in order to take care of surplus production.

In the case of wool it is a question of expanding production in order to reach a goal which is much less than our domestic consumption.

The CHAIRMAN. Thank you very much, Mr. Secretary.

The committee now stands adjourned.

(Whereupon, at 11:05 a. m. the committee adjourned.)



ADMINISTRATION OF FARM PROGRAMS BY
ELECTED FARMER COMMITTEEMEN

(H. R. 12669 AND H. R. 10097)

JUNE 3, AND JULY 17, 1958

ADMINISTRATION OF FARM PROGRAMS BY ELECTED FARMER COMMITTEEMEN

TUESDAY, JUNE 3, 1958

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DEPARTMENTAL ADMINISTRATION AND
CROP INSURANCE OF THE COMMITTEE ON AGRICULTURE,
Washington, D. C.

The committee convened pursuant to notice at 10:15 a. m., in room 1310 New House Office Building, Hon. John L. McMillan (chairman of the subcommittee) presiding.

Present: Representatives McMillan, Jones (Missouri), and Dague.

Also present: Representative McIntire.

Mr. McMILLAN (presiding). The committee will come to order.

We have before us this morning several bills introduced by Members of Congress on the same subject, Mr. Christopher, Mr. Polk, Mr. Jones of Missouri, Mr. Anderson, Mr. McGovern, Mrs. Knutson, Mr. Hoeven, and Mr. Anderson of Minnesota.

(H. R. 12669 is as follows:)

[H. R. 12669, 85th Cong., 2d sess.]

A BILL To amend section 8 (b) of the Soil Conservation and Domestic Allotment Act, as amended, to provide for administration of farm programs by democratically elected farmer committeemen

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, effective July 1, 1959, section 8 (b) of the Soil Conservation and Domestic Allotment Act, as amended, is amended by striking out the fourth to the seventeenth sentences, inclusive, thereof and inserting in lieu thereof the following: "In carrying out in the continental United States the provisions of this section, acreage allotment and marketing quota programs, and such other farm programs requiring dealing on individual farms as the Secretary may deem fit, the Secretary is directed to utilize the services of local, county, and State committees selected as follows:

"(1) LOCAL COMMITTEES.—The Secretary shall designate local administrative areas as units for administration of the programs described above. No such local area shall include more than one county or parts of different counties. Farmers within such local area shall elect annually by secret ballot from among their number in open meeting a local committee of three members for such area, together with first and second alternate members who shall serve in that order in the absence of committee members. Election of local committee members and alternates for any year shall be conducted by the local committee serving at the time of such election. Public notice of such election shall be given by the then serving county committee at least two weeks prior to the date of such election. Candidates for election shall be selected only by nomination from the floor. The local committee shall elect from its members a chairman and a vice chairman. The local committee shall select a secretary and may utilize services made available by the county committee for such purpose. Failure by any local area to elect a local committee prior to the holding of a nominating convention shall not affect the annual election for the county committee; but such local area shall not be represented at the county nominating convention. The county

committee elected at such election shall provide promptly for the election of such local committee by any means prescribed by regulations.

"(2) COUNTY COMMITTEES.—The chairmen of the local committees (or vice chairmen in the absence of chairmen) shall, in a county nominating convention, nominate annually one or more farmers within the county for each position on the county committee and for each position of alternate member on the county committee. Additional nominations may be made by petitions signed by not less than ten farmers eligible to vote. The county committee shall consist of three members. There shall also be first and second alternate members who shall serve in that order in the absence of committee members. The nominating convention shall be called by the county committee then serving, which shall give the chairman of each local committee at least two week's notice of the date of such convention. The county committee then serving shall, immediately following such convention, give public notice of the names of the persons nominated at such convention and of the time and place fixed for the filing of additional nominating petitions and of the time and place fixed for the election, which shall be held not earlier than fifteen days following such notice. Such election shall be by secret ballot upon which the names of all of the candidates properly nominated shall appear, and shall be conducted by such committee either by mail or at one or more public polling places. Each farmer in the county shall be entitled to vote at such election, and may vote for any of the nominees named by the nominating convention or by qualified petition. The votes shall be counted by the county committee conducting the election. The ballots shall be preserved for such period as the Secretary, by regulation, may prescribe. The committee conducting the election shall certify the results of the election to the State committee. The three candidates receiving the highest number of votes shall be declared committee members; the candidate receiving the next highest number of votes shall be declared first alternate; and the candidate receiving the next highest number of votes shall be declared second alternate. Beginning with the regular election in 1959, one member of the county committee shall be elected for a three-year term, one for a two-year term, and the third for a one-year term. In subsequent years, one member shall be elected for a three-year term to succeed the member of the county committee whose term is expiring. The county committee shall elect from its members a chairman and a vice chairman. The county committee shall select a secretary. The county agricultural extension agent shall be ex officio a member of the county committee. The county agricultural extension agent shall not have the power to vote. In any county in which there is only one local committee the local committee shall also be the county committee.

"(3) PROVISIONS APPLICABLE TO LOCAL AND COUNTY COMMITTEES.—Special elections for the purpose of filling vacancies not filled by alternate members, occurring at least sixty days prior to the time for holding an annual election, in the membership of a local or county committee shall be held as expeditiously as possible, and shall be held in the same manner and subject to the same restrictions as annual elections, except that only five days' notice of the nominating convention shall be required. The State committee may, if it deems necessary, appoint temporary committee members to serve pending any such special election, or to fill vacancies not filled by alternate members occurring less than sixty days prior to an annual election. County and local committees authorized by this section shall be administratively responsible to the Secretary of Agriculture for the conduct of farm programs assigned to them. The county committee, subject to the general direction and supervision of the State committee, and acting through community committeemen and other personnel, shall be generally responsible for carrying out in the county the programs assigned to it by the Secretary or the Congress. In so doing the county committee shall employ a county office manager subject to standards and qualifications furnished by the Secretary. The county office manager shall serve at the pleasure of the county committee, and subject to the direction and supervision of it, shall execute the policies established by it, be responsible for the day-to-day operations of the county office, and employ the personnel of the county office in accordance with standards and qualifications furnished by the State committee.

"(4) STATE COMMITTEES.—In each State there shall be a State committee for the State composed of three farmers or five farmers who are legal residents of the State. One member shall be elected when State committees, are composed of three farmers and two when five farmers. Such member or members

shall be elected by the members of the county committees at an election to be held on a date or within a period of time fixed by the Secretary which will afford full opportunity for participation therein by all county committee members: *Provided*, That such date or period of time shall fall between July 1 and December 30 each year. An elected member shall take office on the first day of the month next after his election and shall serve for twelve months or until a successor has been elected and qualified. Such elected member shall be subject to removal by the Secretary only for cause. The other members of such committee shall be appointed by, and serve at the pleasure of, the Secretary, one of whom shall be designated as chairman. The State director of the Agricultural Extension Service or his designated alternate, shall be *ex officio* a member of such State committee, without power to vote, and shall be in addition to the number of members of such committee hereinbefore specified.

"(5) REMOVAL OF LOCAL AND COUNTY COMMITTEE MEMBERS.—The State committee may remove a local or county committee member from office, but only by majority vote after furnishing such member with a statement of the charges against him, advising him of his rights, and giving him an opportunity for a fair hearing at which, if requested by such member, a representative of the Secretary shall be present. The State committee shall cause a transcript of the proceedings at any such hearing to be made and a copy thereof to be furnished to such member. Pending such hearing the State committee may by majority vote suspend such member, but no such suspension shall exceed sixty days unless such hearing is delayed at the request of such member. Such member may appeal from the decision of the State committee to the Deputy Administrator of the Commodity Stabilization Service, or such other officer or employee of the Department of Agriculture as the Secretary may designate. All pertinent and material evidence may be presented at such appeal.

"(6) For the purposes of this subsection, the term 'county' shall include any consolidation effectuated by the Secretary by joining any actual county or counties with any adjacent county upon the determination that each such county or counties being joined therewith has less than fifty farms on which farming operations are actively being carried out and shall include the administrative subdivision of the counties of Otter Tail, Polk, and Saint Louis, in the State of Minnesota, and the county of Pottawattamie, in the State of Iowa, as authorized by the Act of September 2, 1957 (71 Stat. 601).

"(7) REGULATIONS.—The Secretary shall make such regulations as are necessary relating to the selection and exercise of the functions of the respective committees, and to the administration through the committees, of such programs."

SEC. 2. Section 503 of the Agricultural Act of 1954 is amended by inserting after the word "county" the words "or local".

SEC. 3. Section 362 of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the second sentence thereof.

SEC. 4. Section 392 of the Agricultural Adjustment Act of 1938, as amended, is amended by changing the last sentence of subsection (b) to read as follows: "A statement of the names and addresses of the members and employees of any county or local committee, and the amount of such compensation received by each of them, shall be kept freely available for public inspection in the office of the county committee for a period of five years following the close of the calendar year in which such compensation was received."

Mr. McMILLAN. Before we start I should like to call on Mr. Jones to give us a brief statement or explanation of his bill, H. R. 12669.

Mr. JONES. Mr. Chairman, I will just speak very briefly to give some background for the introduction of these several bills.

We have had, of course, some unfortunate circumstances arise in the operation of the farmer committee program and for the purposes of trying to clarify the administration we have introduced legislation clarifying what I believe was originally intended in the law.

Just recently there have been certain amendments or changes made in the bills that were introduced last year in an effort to overcome the objection of the administration. And according to my best information and from reading a letter from the Department I am of the opinion that the Department at least is more satisfied with the bill

H. R. 12669 which is identical with the Senate bill, S. 1436, which has been favorably reported from the Senate Committee on Agriculture and Forestry, and which is now on the Senate Calendar.

I think what we have attempted to do was to clarify and in some instances restore to the farmer elected committee the responsibilities and the authorities which Congress thought they originally had under the law. I think that we have tried to spell out the fact that in the future that the farmers would have the opportunity to select the local any county committees without any interference, and that these county committees in turn would have the opportunity of selecting the staffs in the county offices that would carry out the program. Of course, having the obligation of administering the program under the regulations to be promulgated by the Secretary.

Personally, I want to say that I have no desire to try to take away from the Department of Agriculture, either its authority or its responsibilities, and I feel that law intended that the farmers have a real voice in the operation of this program. I think they should have, because they are in the best position to know the local condition, and if they are left free, I think that they will administer the program on the most equitable basis.

I believe that the bill which has been approved in the Senate and which we will consider here today meets most of the objections of the Department of Agriculture, although prior to the meeting of this committee this morning I did have an opportunity to talk to Mr. McLain and Mr. Manwaring and know that there are some objections.

I hope that during the course of this hearing this morning that we can reach an understanding on those problems, and that we can report from the committee to the full committee a legislation which would be beneficial in carrying out the program with the least amount of controversy, and with the greatest amount of equity, and to restore to the farmer elected committees the full responsibilities that were originally contemplated under the law.

That is all I would care to say at this time.

Mr. McMILLAN. We are delighted to have representatives of the Department of Agriculture here this morning, consisting of Mr. McLain, Assistant Secretary, and Mr. Manwaring of the Commodity Stabilization Service, and Mr. Miller, associate administrator of the Commodity Stabilization Service.

Would you like to make a statement first, Mr. McLain?

**STATEMENT OF HON. MARVIN McLAIN, ASSISTANT SECRETARY;
ACCOMPANIED BY H. LAURENCE MANWARING, DEPUTY ADMIN-
ISTRATOR, AND CLARENCE MILLER, ASSISTANT ADMINISTRA-
TOR, COMMODITY STABILIZATION SERVICE, UNITED STATES
DEPARTMENT OF AGRICULTURE**

Mr. McLAIN. We are glad to have the opportunity to come up and briefly state our feeling about these proposals.

First, I would like, if I may, to be sure that we get in, as a matter of record, the letter that was sent to Congressman Cooley, reporting on this bill.

Mr. McMILLAN. That letter will be made a part of the record.

(The letter referred to, dated May 29, 1958, is as follows:)

DEPARTMENT OF AGRICULTURE,
Washington, D. C., May 29, 1958.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in reply to your request for a report on H. R. 12669, a bill to amend section 8 (b) of the Soil Conservation and Domestic Allotment Act, as amended, to provide for administration of farm programs by democratically elected farmer committeemen.

This bill is generally satisfactory to the Department. However, there are several provisions which we feel should be modified. We are particularly concerned with those provisions under which county committeemen would elect some State committeemen to serve for a definite term with removal by the Secretary only for cause.

The Department recommends that all farmer members of State committees be appointed by, and serve at the pleasure of, the Secretary as under the present law. We believe it is important that the Secretary's freedom of choice in selecting State committeemen not be restricted. The State committees are the major means through which the Secretary carries out the responsibilities for many of the agricultural policies and programs of the Congress and the Department. This necessarily means that many broad delegations of authority, both program and administrative, are made to the State committees. Furthermore, State committees are the representatives of the Secretary in the general direction and supervision of the performance by the county committees and as such should be responsible to him.

In addition, we question the propriety of requiring the Department to discharge an important part of its executive function by an officer who is elected rather than appointed. We feel that the use of elected functionaries should not be required above the county level.

At present, the State director of the Agricultural Extension Service is an ex-officio member of each State committee with the power to vote. The bill provides that the State director of the Agricultural Extension Service or his designated alternate shall be an ex-officio member of the State committee but without the power to vote. We believe that the director should have the power to vote as at present. We are aware of no problems which have arisen in the past because of his having the power to vote and, in fact, such power to vote contributes to the broadness and stability of the policy decisions reached by the State committees.

We also recommend that the provisions of the bill which provide that local and county committees shall select secretaries be deleted. As a matter of practice, secretarial help is made available to the committees to the extent it is needed from among the employees of the county office. To require that such persons be designated as secretaries of the committees appears to serve no useful purpose and to add an unnecessary administrative burden.

If the bill is modified as suggested above, we recommend its enactment.

The Bureau of the Budget advises that there is no objection to the furnishing of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

MR. McLAIN. I want to speak plainly in what I say, because the Secretary and I both have grave reservations about one provision in the bill, namely, that one of electing part of the State committee by the method that this bill proposes.

I have been connected, as has Mr. Manwaring, for many, many years with these programs. In fact, I was a county chairman for 10 years back in my own State, in the early days of these programs, and I sat through many sessions of eager beavers that wanted to do this very thing back in the Democratic administration. And strange as it may seem to you gentlemen, I opposed this move then and I think it was wrong then and I think it wrong now.

The primary reason I think it is wrong is this: the Secretary who is charged under the statute with prime responsibility of carrying out these programs, in using as he should the county committee setup, has to have people at the State level and on the State committees that he has absolute confidence in and who are people he knows will carry out the policies as interpreted under the statutes as we have them changing occasionally.

In my opinion, to permit part of the State committee to be elected, I do not care how you would elect them, would divide this responsibility and could lead to serious trouble in many areas where we have always gotten along very fine.

It was true back in the previous administration, and is also in this one, that occasionally a State committee does get off the track a little bit. We deal with human beings and when we do that we do not always select the very best human beings. And even when we do try to select the best of them, sometimes they get off slightly; but we have the right, and that has been exercised in this and the previous administration, to change these committeemen at the will of the secretary. He selects them and he can remove them and put in new men any time he wants to.

Of course, the assumption always being that so far as this administration is concerned that he had reason when he did it.

We think the adoption of this proposal would be a big step backward, and I am sure that most people that have been connected with these programs over the years would agree that it is. And so we would urge you very, very strongly to eliminate this provision out of the bill because we think it is completely unacceptable.

There are a couple of other minor items here that I wish you would comment on, Mr. Manwaring, because you are better qualified to do so than I.

I did want to make this clear, so far as the secretary is concerned, and I concur in it completely. We are disturbed because it did get out of the Senate committee in this fashion and we would hope, and in the spirit of trying to continue a program that has operated very successfully over many, many years, that we not change the pattern of responsibility at the top level of the States.

MR. McMILLAN. Will you give the reporter your full name.

MR. MANWARING. He has it already, Mr. McMillan.

I think I should point out, also, that Mr. Miller, Associate Administrator of Commodity Stabilization Service, is here. Mr. Miller was also a State committeeman and has had experience with the State committee system.

The other item to which Mr. McLain referred is a provision that the director of the extension service will not have a vote. He has had a vote heretofore, and we have felt that all committees have gotten along very well, that we have had no trouble with it, and we would be inclined to suggest that he continue to have a vote as he sits on the State committee.

He has a broad experience in agriculture in the State, he has excellent ideas as to what changes should, if any, be made, and we feel it would be better to continue the right of the State director of extension to vote on matters that come before him.

There are provisions in this bill for the local committee and the county committee to select secretaries. We would suggest that both of those provisions be removed. The county committee has an office manager. The county committee and the office manager have a fairly sizable staff in most countries. There are capable people on the staffs who could act as secretary for the committee doing everything that the committee needs to have done.

Mr. McMILLAN. The secretary would be in addition to the manager, is that correct?

Mr. MANWARING. I would presume so, although that need not be true. They could select a manager under this, if they wished.

Mr. McMILLAN. And call him the secretary?

Mr. MANWARING. As I understand it, they could select the manager or some one on the staff. However, they could, also, select someone else other than the manager, someone from outside to come in and be secretary, which would again cause, I think, some difficulty within the group. And I would prefer that not to occur. We see no necessity for that provision of the bill, and would suggest that it be eliminated in the interests of harmony and close working relations.

Of course, we would recognize that the committee may designate someone to take minutes, may use the manager, he is their employee, selected by them, and serving at their pleasure.

Mr. JONES. Would that not be just a matter of title more than anything else, because you do not have any objection to the county committee selecting the county office manager, and the staff therein, that works in the office?

Mr. MANWARING. Not at all. Or we would have no objection to designating, or to saying in the bill that the county office manager shall be the secretary to the committee.

What we would not like to see occur is a provision for the county committee to select a secretary and then have them go out and select someone outside the organization to be secretary, and thus create an additional job which we think is unnecessary and bringing in someone from outside.

Mr. JONES. I do not know just what was the intention. Of course, it says the county committee shall select a secretary, but if we could word that, that the county committee shall designate some member of the office staff to act as secretary, is that all right?

Mr. MANWARING. I would like that much better; yes, sir.

Shall designate some member of the office staff to act as secretary, would be satisfactory. I would not like to see them feel as though they had the authority to go outside and bring someone else in. There isn't a full-time job for that, and what you suggest would be perfectly satisfactory I feel sure.

Mr. JONES. In other words, you feel that this might be interpreted that they could hire another person where there would not be a sufficient amount of work to justify full-time job?

Mr. MANWARING. And would not be acquainted with the work or have much interest in it. They would just be the secretary. And the reason I suggest that that may occur is because it has occurred under the previous wording of the act. It was in there before. And we have finally worked it around and encouraged them to use their own staff, and most of them do. But if this were eliminated it would

just take that all out of the picture. It isn't a very big thing. But it is something that could be eliminated and if it were eliminated it would eliminate any trouble that might be caused by it.

Mr. JONES. In that connection, who sets the budget for the county office which would be a limitation on the amount of clerical and other employees that they might have?

Mr. MANWARING. The State office and the State committee set the budget.

Mr. JONES. I do not think we should have much difficulty in clarifying that point then because I can, certainly, concur with the thought that I do not want to do anything that would add unnecessarily to the expense of the operation of the committee. And certainly, I have always felt that any employee who was hired should have enough work to keep him busy and to justify his employment.

Mr. MANWARING. That was the way we felt about it. We see no reason why someone should be brought in from outside and while this is not specifically providing for bringing someone in, the wording you suggest would direct them to use someone in the organization as the secretary to the committee.

We do provide that the committee meetings should be held, and that minutes must be kept of the committee meetings.

Mr. JONES. It is very important that they do that.

Mr. MANWARING. Yes, sir. So we recognize they do need someone to act as secretary to keep the minutes and to keep matters straight. But we can do that under the regulation and do it and will do it, without it being spelled out in this bill. That is our point.

Other than that, we have no serious objection to the bill as it is written.

It is just those three points, they are the ones we think are objectionable.

Mr. McMILLAN. What was the suggestion made by Mr. McLain?

Mr. JONES. The State director of extension. Under this bill it would make him an official member. I don't see really why that would be objectionable, either one way or another.

Mr. McLAIN. It has worked very well the way it has been. And I think this change could well be misinterpreted by some people. We have had a very fine working relationship with the Extension people, and I think we ought to continue to have it, because they are very firm and a good part of our whole setup and they are right out at the county and State levels, of course.

I think it might be misinterpreted. I think that would be the big thing that might come out of this.

Mr. JONES. As I understand it there are only three objections that you have to the bill, and those have been mentioned?

Mr. MANWARING. Yes.

Mr. JONES. Otherwise you have no objection to the bill?

Mr. MANWARING. There is one matter in here, Congressman Jones, that is different, one method of handling, than has been true in the past. That is, the matter of local elections for selection of community committeemen.

In the past, we have had, and do now have about 3 methods of election: 1 is at meetings, 1 is at polling places, and 1 by mail.

And we use, in order to select a slate of nominees, an election committee, or election board, which was composed at the county level of the Extension agents, Farmers' Home and Soil Conservation Service representatives and representatives of the different farm organizations in the county.

The purpose of that was to give wide representation and to make sure that the will of the people in the county was expressed.

This bill changes that, and gives direction of the election at the local level to the incumbent members of the county committee.

Mr. JONES. I would not agree with you entirely on that, Mr. Manwaring, because as I read this, there is still the opportunity for nomination by 10 farmers who are eligible to vote.

Mr. MANWARING. We agree with that. I was referring here to—it is line 12 on page 2—"Election of local committee members and alternates for any year shall be conducted by the local committee serving at the time of such election."

At the present time, those meetings are conducted by an election board appointed by the county election board and will not be the local committee. Therefore, disinterested persons are conducting the election. That was done in order to be sure that the incumbent members did not perpetuate themselves in office by some means or another. This is a change from that.

Mr. JONES. I do not see how you can say that because it says that public notice of such election shall be given by the then serving county committee at least 2 weeks prior to the date of the election, candidates for election shall be selected only by nomination from the floor. And I do not know of a more democratic way to select people than to give a notice that there will be a meeting at a certain time, that all farmers who are interested can be there, and the nominations be made from the floor. They are not directed by anyone who has any connection other than the farmers themselves.

I could not agree with you on that at all. I think that, certainly, one thing we are trying to get through in this law, is to restore the administration at the local level to the farmers themselves. And I do not know of a more democratic way you could have than to make them from the floor among the people who are there, who have an interest.

Mr. MANWARING. I am pointing out that this is a change from the present method of operation.

Mr. JONES. You do not have any objection to that; do you?

Mr. MANWARING. Not seriously. Had we had serious objection we would have raised it in the letter. We feel as though there are other parts of this bill that are a distinct improvement over our present operation, if we could correct the three we have raised. But I did want to point out this is a change. Previously the election meeting would be held by an election board of farmers but would not be the local committee. I mean, they could not be sitting right there in any way manipulating the change.

Mr. JONES. Have we not had cases in the past where both local committeemen and even county committeemen would be elected who were not even present?

Mr. MANWARING. Yes.

Mr. JONES. In other words, would be on a slate?

Mr. MANWARING. Yes.

Mr. JONES. I feel like we are getting back to the more democratic principle here in the way that this bill is written. And I do not think I would be interested at all in sacrificing that. I am willing to try to compromise these other things but that, certainly, is one of the basic things in this bill.

Mr. MANWARING. This does eliminate voting by mail. And the reason it does is because the community meeting is, also, a meeting where they elect a nominating committee for the county and the county committee is then elected directly by the farmers rather than at a convention.

That is the reason they took out the voting by mail because there wasn't any very good way to set that up. We talked about that one other time.

We felt that to vote by mail, Congressman Jones, gave a much wider participation in the election of the local committeemen.

Mr. JONES. You have taken that out on the local, but we are still preserving that in the county?

Mr. MANWARING. Yes; in the local committee you took it out and provide it must be by meeting.

Mr. JONES. I feel that is all right, and that it should be as it is, because the farmers have notice there and I feel this gives them the opportunity to know they have the responsibility—I think they will accept it and that you will have a larger attendance at these local meetings, if they know this election will take place right here in the room where the farmers themselves are, where the nominations will be made from the floor. And I think that is, certainly, the fairest way that it could be done.

Mr. McMILLAN. Do you care to make a statement, Mr. Miller?

Mr. MILLER. I have nothing to add. It has been pretty well covered. I appreciate the opportunity you have presented.

Mr. McLAIN. May I again reiterate the Secretary's deep feeling about this one in particular. We just think—and regardless of who is running the show—it would be a step backward. It has been the other way. It has worked very satisfactorily and we hope in the wisdom of this committee you will strike it.

Mr. McMILLAN. That will be presented to the members of the full committee. They will consider your wishes in the matter.

I would like to have permission for each member who has introduced a bill on this subject to have permission to insert his statement in the record on this bill and other bills.

Mr. JONES. Yes; I have no objection. I thought we would have some of those people here.

STATEMENT BY HON. J. FLOYD BREEDING, OF KANSAS

Mr. BREEDING. Mr. Chairman, thank you for this opportunity to lend my support to the principles embodied in the bill H. R. 12669, which would provide for the administration of farm programs by democratically elected farmer committeemen.

I believe strongly, Mr. Chairman, that experience in this field has indicated a definite need to restore to these farmer-member committees—local, county, and State—the full responsibilities and authority that the Congress thought they should have under the law.

It is my contention that the farmers of the country should have a real voice in the operation of all of our farm programs; for it is the individual farmer who is in the position to know best the local conditions which affect each program, and therefore his livelihood.

It is my understanding, Mr. Chairman, that the bill H. R. 12669 is almost identical to the bill S. 1436, which was just recently reported favorably by the Senate Committee on Agriculture and Forestry without a dissenting vote.

I urge the House Committee on Agriculture and this subcommittee to consider favorably H. R. 12669 as a progressive step in the development of a more comprehensive system of farmer representation; and, I recommend its inclusion in any omnibus farm legislation to be considered by the House this year.

Thank you again, Mr. Chairman, for allowing me to express my views.

STATEMENT OF HON. GEORGE H. CHRISTOPHER, OF MISSOURI

Mr. CHRISTOPHER. Mr. Chairman and members of the committee, I want to offer my support of this bill which would return the administration of the conservation program to duly elected county and community committees. I am sure you are familiar with a bill—H. R. 118—which I introduced on January 3, 1957, and which was referred to the Committee on Agriculture. My bill is the same as this one in many respects although it does not go as far as this one in correcting deficiencies in the present legislation. I believe that developments in the 17 months since my bill was filed certainly warrant this broadening. I am referring to the provision of H. R. 12669 which requires that at least one member of each State committee be elected by the farmer-elected county committeemen.

I respectfully suggest that all State committeemen, whether they be appointed by the Secretary of Agriculture or elected by county committee delegates, be required to have had experience as a committeeman prior to service as a State committeeman. This will inject more actual farmer thinking backed by a knowledge of the program and farmer reaction to it into its administration, which appears to be needed sorely in many areas. I have been disturbed by constant turmoil in the administration of the ACP in my home State of Missouri. There has been constant conflict between State and county committees over employment of office managers and their respective duties and responsibilities.

I have been disturbed by the summary dismissal of Mr. Knight, a member of the State committee, even though he is a Republican. This constant turmoil has impaired the efficiency of the program's administration and has given it a black eye among farmers and the public. I firmly believe that county and community committeemen should be nominated at an open meeting from the floor rather than handpicked by a small group. It just seems more democratic to do it this way and that those elected will have the full confidence of the farmers of their district or county.

I believe that this bill will restore the program to the farmers and result in more soil conservation for the amount appropriated. I urge

passage of this bill at this session of the Congress so that these corrective steps can be taken as soon as possible.

Thank you, Mr. Chairman.

Mr. JONES. One question before Mr. McLain and Mr. Manwaring leave. Is there any objection to having as members of these State committees those who have had prior experience, either as a member of a local or county committee?

Mr. McLAIN. I again think, personally, that it is fine, if they have it. I have had it. And I think anyone who operates the program most successfully should have a pretty good understanding of what the program is all about. However, whether it be the current Secretary or any other Secretary, he ought to have the right to select competent people to administer these programs at the State level. I don't think his hands ought to be tied by anyone.

Mr. JONES. Don't you think the competency of a man would be increased if he had had the county experience such as you had?

Mr. McLAIN. I think it could well be in most cases but I think there are many other ways to get competency other than this way. And I think it would just be a restriction that would not be wise.

The Secretary is responsible to see that this program is administered properly.

He is the one that takes it on the chin if it does not get administered that way. He ought to get the blame and he ought to see that he gets competent people to administer the program.

Mr. JONES. I could agree with you on that except for this, the Secretary gets the blame but still we don't get the administration that the farmers want sometimes. I am interested to get that. And I would like to see people who have had experience in the program because I feel there is no substitute for experience, whether you handle the farm program or any other program.

You yourself said that you had the experience.

Mr. McLAIN. What I am saying is that I do not think a competent person that has had the experience running a cooperative in a local community, and has had most of the experiences that a county committeeman has ought to be deprived, if he is an outstanding individual and one that the farmers have confidence in. That is my only point.

Mr. JONES. The farmer will not have anything to do with the selection of the State committee.

Mr. McLAIN. I understand that.

Mr. JONES. You don't know whether the farmer has any confidence in him or not because he never has an opportunity to express himself.

Mr. McLAIN. The current Secretary—and this is my philosophy—likes to select people that the farmers do have confidence in. It would be stupid if we did not do that. It should be that way with any Secretary of Agriculture.

Mr. MANWARING. This bill does not provide that restriction, does it?

Mr. JONES. I think it has something in there about experience; yes.

Mr. MANWARING. It provides that they must be farmers. We didn't raise any objection to that, Congressman Jones, because we did not see anything in there that put a restriction on it and we felt as though it should be left open to the Secretary as it is now.

Mr. JONES. I was thinking that I had read that in there.

Mr. MANWARING. I think it has been discussed. I will agree that it was the consensus of those that it should not be put in there.

Mr. JONES. If it is not in there we will not discuss it.

I think before you leave that we should, for the benefit of members who have just come in, state that at the present time you 3 gentlemen from the Department have raised only 3 questions about the bill—or 3 objections: (1) That you would like to eliminate the provision that one of the State committeemen be elected by county committeemen. The other is you think that the State director of extension should have the right of voting with the State committee rather than being just an ex officio member. And the third suggestion was that the county committee, where it says that they shall select the Secretary, you would like to have that state that he or she should be a member of the staff of the county office.

Those are the three objections?

Mr. MANWARING. Yes.

Mr. JONES. I reviewed them.

Mr. DAGUE. I agree with that.

Mr. JONES. There is one thing that I want to ask. If we should decide not to have this one member of the State committee to be elected by the county members of the county committee, would you have any objection to setting up some type of an organization or representation by farmer members that would appear before House or Senate committees to report on the operation of this program?

I have had given to me a suggestion for an amendment to this bill, and I would like to get your comments on it. I am sorry I do not have copies. I will read this slowly so you can get it. [Reading:]

For purposes of administration, the Secretary shall divide the United States into five areas to be known as the Southeast area, Southwest area, the Northwest area, the Midwest area, and the Northeast area.

Annually the county committeemen in each State shall elect one of their number to represent them in an area convention.

In other words, there would be one representative from each State to attend an area convention.

The Secretary shall convene an area convention of county committeemen so selected for each area annually, so that they may elect from their number two area representatives. It will be the responsibility of the area representative so elected to appear before the House and Senate Appropriations Committees annually to give an accounting of the programs administered by the county committees in their respective areas. They will also testify before appropriate House and Senate legislative committees when called upon by such committees to do so.

The Secretary will defray the expenses of paid delegates to area conventions, and of area representatives when testifying before appropriation and legislative committees.

In other words, there would be one representative elected by the county committeeman in each State. They in turn would select 2 from each of the areas and that would make up a committee of 10 members from over the United States, who could come in here who would be direct representatives of the farmers.

I know that the Secretary of Agriculture is responsible for the administration of this program. And the reason that we had suggested that one of the members of the State committee in each State be elected by the county chairmen was that we might have some direct representation on the State committee. And we have heard your objections to that. But at the same time it would appear, at least in some in-

stances in the past, where it has been rather difficult to get the opinion of the people who are directly responsible for the operation of this program. I know it has been difficult for me as a Member of Congress to get some of the information, and I have had to go to these various county offices from time to time to keep myself informed on the operation in those county offices. But if that group of county people who are representing real farmers could appear here, it appears there might be some benefit to be derived from that.

I would like to have your comment on that.

Mr. McLAIN. My comment is this: I would certainly be agreeable to have any farmer or farmer committeemen talk to his Congressman or to anybody he wants to. We urge them to do that.

Certainly, Mr. Jones, I think all Congressmen when they are back home occasionally visit the county office. I know they are busy when they are back home, but this is the way to find out at first hand how the people think about the programs for which you are responsible.

I think there would be a lot of danger in this setup you are talking about here. It has a nuclei of probably making a new farm organization. I think we have able representation by farm organizations already. This could well develop into a pressure group, which I do not think would be quite in order. I think it would be wrong, in fact.

I think the administration of the program ought to be kept separate from pressure. That is what we have your farm organizations for. In most areas they are pretty well represented by the various organizations we have. I think it would just get us into a lot of trouble. That has been my feeling about it.

Certainly, we do not discourage anybody writing the Secretary or writing his Congressman or talking to him. And certainly, this committee would have the right, as they have done occasionally I know in the past, to call in either the farmers that are not committeemen or those that are committeemen. There would be nothing wrong with your doing that, if you wanted to. I think the very formality of setting it up has a lot of dangers in it that we would have a lot of misgivings about.

Mr. JONES. You do have at least once a year——

Mr. McLAIN. A State conference.

Mr. JONES. At least once a year?

Mr. McLAIN. It varies by States. At that meeting we review all of the problems, and many of the States come in then with some recommendations. Sometimes they come to the Congressmen. Sometimes they come to the Secretary. Sometimes they come both places.

Mr. JONES. I have attended those State meetings. I think they are very fine.

Mr. McLAIN. This is the system we have always used over the years even in the previous administration to get ideas.

Mr. JONES. You do not carry it any further than just in the States?

Mr. McLAIN. That information is used by the Secretary all of the time in his recommendations to the Congress, that is, this is the grassroots sentiment that we want in the determination of future policies. Obviously, you do not accept all of them because there are many of them in direct conflict with one another. But that information is used right along, and has been since this Secretary has been here in office.

Mr. MANWARING. We are doing one other thing. We are urging—this may cause you some trouble—we are urging county committeemen to take occasion to visit their Congressman, once a year, and report to him on their activities and accomplishments. We hope they will do it. We haven't told them they had to, but we have told them we wanted them to.

Mr. JONES. I hope they will because in the past I have had to hunt them out and they haven't sought me.

I have been in their offices.

Mr. McLAIN. That is good for you, or for the Congressman, if he has time to visit the setup. You get a better feeling of what they are doing if you can talk not only to the county committee but the people in the office.

Mr. JONES. I have been there.

Mr. MANWARING. We think they have something very important to report to you and we think you have some very fine suggestions to make to them, and we are urging them to seek you out. And depending on how many counties you have you will have a big delegation at one time or another during your visit home.

Mr. McLAIN. I think the important part of this is that we should not use the county committees as a pressure organization as we have farm organizations. We have good farm organizations and we should not use Federal funds which these people are paid by to set up another one. I think it would have a lot of repercussions that would be very bad.

Mr. JONES. I would not like to see that happen. But I feel that we need to get the farmer representation a little closer. I feel that we haven't had that maybe as well developed in the past as we should have. That was why I was interested in this selection of one member of the State committee if for nothing else than to be there when these actions are taken and to know at least why and on what basis the State committee was making some of its decisions.

I know that if that had been done in the past we might have avoided some of the more unfortunate things that happened in your State. I know we had apparently more trouble than many of the States had.

Mr. McMILLAN. What you want to be certain of is to have the farmers in on this.

Mr. JONES. That is right.

Mr. MANWARING. I omitted one statement that I should have made when we were discussing the matter of secretary. We talked about the county committee having a secretary. And you suggested some wording which would take care of the problem but in connection with the community committees, at the local level, we see no necessity for there being any language in here at all in connection with community committee having a secretary. They do not meet as committees. They work as often as they can when the county committee calls upon them. They do have meetings with county committee to learn the details of the program, but we feel as though that language on page 2, line 20, "The local committee shall select a secretary," need not be in there at all. That is for the local committee.

The county committee we agree with you, does need a secretary and the language you propose would be perfectly satisfactory.

Mr. JONES. I think that one thing was put in there because I think that you have to have, at least, some memorandum to be made of the meeting of even the local committee and to have some record of what their actions are, even if it would be just to the extent of designating one of their number to act as the secretary for the purpose of recording the actions of those meetings. I think you would have to do that almost. In practical effect it is done. Usually someone from the county office goes out there and acts as the secretary of the group when they meet.

Mr. MANWARING. Well, a satisfactory change in that would be the local committee shall utilize the services of a secretary made available by the county committee for such purpose. That would utilize persons in the office. Or some such wording as that.

Mr. JONES. I do not think we will have any objection to that.

Mr. MANWARING. That is all. I did want to point out there is a little difference there.

Mr. JONES. Of course, when you try to write in everything specifically in a bill it is impossible. You will have to do a lot of it by regulation.

Mr. MANWARING. We hoped that you would leave both out and we would take care of it by regulation.

Mr. JONES. If you leave out too much you will get into trouble as we have in the past. We do not want to leave out too much.

Mr. McMILLAN. Are there any further questions?

Mr. McLAIN. Thank you very much, Mr. McMillan.

Mr. McMILLAN. Thank you very much for coming up here, gentlemen.

We will next hear from Mr. John Baker of the National Farmers Union. Do you care to make a statement at this time?

STATEMENT OF JOHN A. BAKER, DIRECTOR OF LEGISLATIVE SERVICES, NATIONAL FARMERS UNION

Mr. BAKER. For the record I am J. A. Baker, director of legislative services of the National Farmers Union.

We strongly support enactment at this session of Congress of legislation along the lines of H. R. 12669, introduced by Congressman Jones, and similar bills introduced by Congresswoman Coya Knutson and Congressmen Metcalf, Christopher, Johnson, and Polk.

We would like to commend the earnest work that has gone into preparing this bill. To my personal knowledge these gentlemen and ladies have been working on this for over 4 years, testing out ideas, and trying different drafts and working with people in the Department that administer this program, and have done a very worthy job of bringing this bill together in its present form.

The bill as introduced by Mr. Jones, is, as I understand it, practically identical with the bill that was favorably reported, without a dissenting vote, last week by the Senate Committee on Agriculture and Forestry. We urge that it be favorably considered by your committee. We suggest it be made a part of the comprehensive farm bill you plan to bring out for action soon by the House of Representatives.

H. R. 12669 is a good bill and has many strong features. While we had hoped it would go even further in some aspects, we feel that the bill as it stands is certainly worthy of our support.

National Farmers Union strongly supports the principle that farm programs requiring dealings with individual farm operators should be administered by democratically elected committees and boards of farmers. This is permitted by H. R. 12669 for all such programs, but required only in the case of acreage allotment and marketing quota programs. We would prefer that the language be mandatory, but we consider even a permissive recognition of the principles to be a step in the right direction.

In this connection, we certainly want the record to be clear that we do not construe the language of the bill to mean that the Secretary of Agriculture is required, or authorized, to terminate his technical-assistance agreements with soil conservation districts established under State laws.

Moreover, we see nothing in the language that needs to disturb the operation of the various programs of the Soil Conservation Service and the Farmers' Home Administration as set forth under secretarial memorandum 1278 and other applicable Department of Agriculture regulations.

Under secretarial memorandum 1278, the farmer committees were established as the initiating force for cooperative planning and coordinated action. Passage of H. R. 12669 would only strengthen, not disturb, this arrangement, in my considered opinion.

Subsections (1) and (2) would set up in law a workable and satisfactory democratic method for electing community and county committeemen. We strongly urge your approval of those subsections.

Subsection (3) gives clear-cut administrative authority to the local and county farmer committees and provides the basis on which they could act in fact with administrative authority and control, through office managers of their own choosing. We strongly approve the language giving a vote to every farmer in the area in the choice of committeemen.

Our convention resolutions urge that all members of the State committee be elected by members of the county committees. Under current practice and existing law, none of the State committeemen are elected. We understand the reluctance of the executive branch toward going to a fully elected State committee in one step. However, we urge that you make as many of the State committee members elective as you feel you can without endangering passage of the bill.

Unfortunate developments in various past occurrences in several States indicate clearly the desirability of the provisions of subsection (5). These consist of thoroughly workable procedural safeguards to protect the tenure of elected committeemen against summary removal from office by capricious or revengeful superiors.

One of the major strengths of the elected farmer committeemen is the freedom from fear of reprisal, other than the vote of his neighbors, with which he can express farm reaction to program regulations and procedures and their workability at the farm level. Establishment of these procedural safeguards of judicial review of individual appeals puts a strong protection behind the individual committeeman's willingness to back his own judgment.

In this regard, we suggest the bill might be improved if the specific naming of a particular subordinate position as appeals officer be omitted on page 7, line 23 of the bill. After future reorganizations,

the occupant of this particular position might or might not be the appropriate officer of the Department to perform this function, even though the current occupant is eminently well qualified to do so.

Section 2 of the bill would allow his neighbors to reelect to successive terms a local committeeman who has done a good job, just as county committeemen can be reelected under existing law.

Section 362 removes from county agricultural extension service personnel the burden of detailed recordkeeping and notice posting of acreage allotments and marketing quotas. This provision furthers the desirable separation of purely economic action programs from education programs. It frees the educational agency from even the appearance of responsibility for the decisions of the county committee on acreage allotment and marketing quota programs.

In that regard I would suggest that this same point of view apply to what we think was a desirable provision in the bill that does allow this complete separation of educational agency from an economic action agency. We approve the bill as you have it written.

We had hoped the farmer committee bill would go one step further and provide for at least an approach toward an administrative farmer committee or board at the national level to be elected by elected members of the State committees. This provision was omitted from the bill approved by the Senate committee and is not included in H. R. 12699. We urge your serious consideration of our suggestion that a provision be added to direct that elected State committeemen shall elect from their own number 5 or 7 members of a Federal farmer board to administer, with the Secretary, the programs assigned to the farmer committee system.

I think in this connection that those of us who are forced by our responsibility in the roles that we play in the social structure have to stay in Washington so much of the time do not realize the very great feelings that farmers have developed over the last 4 or 5 years, that they would like to have at the State level and at the Federal level farmer-composed boards or committees administering their economic action programs, and a lot of them point to the Federal Reserve Bank Board which is made up of bankers, of the National Labor Relations Board, of other boards, which in one way or another have been established to give a particular clientele control over their own operations in an economic bargaining program. This is a very strong feeling on the part of a lot of farmers, and there are many reasons for it. I don't care at the moment to go into what may be the motivating factors. They feel very strongly that at the State level and at the Federal level there should be democratically elected farmers participating in the programs in the operation and administration of them under appropriate controls of Congress and the President and the Secretary of Agriculture.

And if that feeling on the part of a very large majority of the farmers is not in some way taken into account, I think it will mean as Mr. Hudgins said, the person that causes the revolution is not the one who put the candle under the bottom of the kettle, but the one that holds the lid on top. If we do not take some account of the fact that farmers want elected farmers to participate in the administration of the programs we will probably hold the lid on the boiling kettle so they will even make stronger requests of being

able to be given the same power that some other groups have run their whole program without any safeguards from the executive branch at all.

We urge your serious consideration of the improving amendments we have suggested. Even if you do not see fit to incorporate them, we feel H. R. 12669 is a long step in the right direction and we, therefore, urge its enactment into law at an early date.

I appreciate the opportunity, Mr. Chairman, to appear here. And again I want to say that you are dealing this morning with a subject matter that is very close to the heart of a very large majority of the farmers in this country, and they are on your side.

Mr. McMILLAN. Thank you very much. It was very kind of you to give us the views of the Farmers Union, and we are glad to have your thoughts.

Is there anyone else that cares to make a statement this morning, any other organization?

If not, the committee stands adjourned until further call of the Chair.

(Whereupon, at 11:15 p. m., the committee was adjourned.)

LOANS, INSURANCE—CONSERVATION OF WATER
RESOURCES

(H. R. 10957 AND H. R. 10965)

JULY 11, 1958

LOANS, INSURANCE—CONSERVATION OF WATER RESOURCES

FRIDAY, JULY 11, 1958

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CONSERVATION AND CREDIT OF THE
COMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met at 10 a. m. in room 1310, House Office Building, Hon. W. R. Poage (subcommittee chairman) presiding, for the consideration of H. R. 10957 and H. R. 10965.

(H. R. 10957 and H. R. 10965, together with the report of the Department of Agriculture on H. R. 10965, follows:)

[H. R. 10957, 85th Cong., 2d sess.]

A BILL To facilitate the insurance of loans under title I of the Bankhead-Jones Farm Tenant Act, as amended, and the Act of August 28, 1937, as amended (relating to the conservation of water resources), and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title I of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. 1000 et seq.), is further amended as follows:

(a) The following new section 18 is added:

"SEC. 18. (a) The Secretary of Agriculture is authorized:

"(1) To make loans complying with the requirements of title I of this Act for the purpose of insuring and selling such loans to lenders other than the United States. Any security instrument taken in connection with such loan shall create a lien running to the United States, notwithstanding the fact that the note may be held by such lender or his assignee;

"(2) To insure and make commitments to insure such loans, which, when endorsed for insurance, shall be covered by the insurance provisions of this title;

"(3) To sell such loans at an annual charge, at a rate to be determined by the Secretary, of not less than 1 per centum of the unpaid principal obligation from time to time outstanding on the loan, such charge to be retained by the Secretary out of interest payments made by the borrower: *Provided*, That the total of the rate of such charge plus the rate of return to the holder of the note shall not exceed the interest rate specified in the note. Out of the charges so collected an amount not in excess of one-half of 1 percent of such unpaid principal obligations shall be deposited in and become a part of the fund. The remainder of such charges collected shall be deposited in the Treasury to the credit of the Secretary and may be transferred annually to the administrative expense account of the Farmers' Home Administration and become merged therewith. Each such loan shall be sold at the full amount of the unpaid balance thereof at the time of sale, but no loan shall be sold if such balance exceeds 90 per centum of the amount certified by the county committee to be the value of the farm less any prior lien indebtedness at the time the loan was made or upon a determination of such fact by the Secretary at the time of sale;

"(4) To make loans out of moneys in the fund for the purpose of insuring and selling the same under this section: *Provided, however*, That no loan made under this item (4) shall be in excess of 90 per centum of the amount certified by the county committee to be the value of the farm less any prior lien indebtedness: *And provided further*, That no loan shall be made under this item (4)

unless the Secretary has reasonable assurance that it can be sold without undue delay. The Secretary may, at his discretion, utilize the provisions of subsections 13 (b) and 13 (c) of this title to borrow from the Secretary of the Treasury an additional sum not in excess of \$5,000,000 for deposit in the fund for this purpose and said subsections are hereby extended to cover such borrowings for the purpose of making loans under this item (4) and under item (4) of subsection 11 (a) of the Act of August 28, 1937, as amended (relating to the conservation of water resources). The amount of the principal obligations on loans made under this item (4) and not disposed of under this section, plus the amount of the principal obligations on loans made out of moneys in the funds under said item (4) of subsection 11 (a) of the Act of August 28, 1937, as amended, and not disposed of under such section 11, shall not exceed the aggregate sum of \$5,000,000 at any one time.

“(b) The interest rate shall be as provided in section 3 (b) (2) of this title and the borrower shall not be required to pay any additional charges for insurance of the loan, but the Secretary may require the payment of such appraisal and delinquency charges as he deems proper.

“(c) The amount of the principal obligations on loans made under item (a) (4) of this section shall be included in computing the aggregate amount of the principal obligations which may be insured in any one fiscal year, as provided in section 12 (b) of this title, at the time such loans are made. The amount of the principal obligations on any other loans made by the Secretary and insured under this section shall not be included in computing said aggregate amount.

(d) Loans made from funds advanced by lenders other than the United States may be insured by the Secretary upon terms and conditions consistent with the provisions of this section. Loans made or insured under this section shall be subject to all the provisions of this title except as otherwise provided in this section.

“(e) Any loan heretofore or hereafter made or insured under this title may be converted to an insured loan under this section at the discretion of the Secretary, and any expenses in connection with such conversion may be paid out of funds available for administrative expenses.

“(f) The Secretary is further authorized to sell any loan heretofore or hereafter made or insured under this title without insurance thereof upon the written consent of the borrower. Such loan shall be sold at the full amount of the unpaid balance thereof, and upon such sale the Secretary is authorized to assign the security instrument and evidence of debt in such manner that the United States shall have no further right or obligation with respect to the loan.”

(b) The third sentence of section 13 (b) is amended to read :

“Such notes shall have such maturities as the Secretary may determine with the approval of the Secretary of the Treasury, and shall bear interest at a rate fixed by the Secretary of the Treasury, taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to the loans made or insured by the Secretary.”

(c) Section 15 (a) is amended to add the following sentence :

“Section 5200 of the Revised Statutes (12 U. S. C. 84) is hereby amended to add a new paragraph bearing the next number after that of the last paragraph of the present section 5200 of the Revised Statutes and reading as follows: ‘Obligations insured by the Secretary of Agriculture pursuant to the Bankhead-Jones Farm Tenant Act, as amended, or the Act of August 28, 1957, as amended (relating to the conservation of water resources), shall be subject under this section to a limitation of 15 per centum of such capital and surplus in addition to such 10 per centum of such capital and surplus.’”

SEC. 2. The Act entitled “An Act to promote conservation in the arid and semi-arid areas of the United States by aiding in the development of facilities for water storage and utilization, and for other purposes”, approved August 28, 1937, as amended (16 U. S. C. 590r-590x-3), is further amended by inserting at the end of said Act the following new section :

“SEC. 11. (a) The Secretary of Agriculture is authorized :

“(1) To make loans complying with the requirements of this Act for the purpose of insuring and selling such loans to lenders other than the United States. Any security instrument taken in connection with such loan shall create a lien running to the United States, notwithstanding the fact that the note may be held by such lender or his assignee ;

“(2) To insure and make commitments to insure such loans, which, when endorsed for insurance, shall be covered by the insurance provisions of this Act ;

"(3) To sell such loans at an annual charge, at a rate to be determined by the Secretary, of not less than 1 per centum of the unpaid principal obligation from time to time outstanding on the loan, such charge to be retained by the Secretary out of interest payments made by the borrower: *Provided*, That the total of the rate of such charge plus the rate of return to the holder of the note shall not exceed the interest rate specified in the note. Out of the charges so collected an amount not in excess of one-half of 1 per centum of such unpaid principal obligations shall be deposited in and become a part of the fund. The remainder of such charges collected shall be deposited in the Treasury to the credit of the Secretary and may be transferred annually to the administrative expense account of the Farmers' Home Administration and become merged therewith. Each such loan shall be sold at the full amount of the unpaid balance thereof at the time of sale, but no loan, except loans to associations (including corporations not operated for profit and public or quasi-public agencies), shall be sold if such balance exceeds 90 per centum of the value of the security less any prior lien indebtedness at the time the loan was made or upon a determination of such fact by the Secretary at the time of sale;

"(4) To make loans out of moneys in the Fund, including funds borrowed from the Secretary of the Treasury under item (4) of subsection 18 (a) of the Bankhead-Jones Farm Tenant Act, as amended, within the aggregate limits therein provided, for the purpose of insuring and selling such loans under this section: *Provided, however*, That no loan made under this item (4) shall be in excess of 90 per centum of the value of the security less any prior lien indebtedness, but such limitation shall not apply to loans to associations, including corporations not operated for profit and public or quasi-public agencies: *And provided further*, That no loan shall be made under this item (4) unless the Secretary has reasonable assurance that it can be sold without undue delay.

"(b) The borrower shall not be required to pay any additional charges for insurance of the loan, but the Secretary may require the payment of such appraisal and delinquency charges as he deems proper. The proceeds of such appraisal or delinquency charges shall be deposited in the Treasury for use for administrative expense as provided in item (a) (3) of this section.

"(c) The amount of the principal obligations on loans made under item (a) (4) of this section shall be included in computing the aggregate amount of the principal obligations which may be insured in any one fiscal year, as provided in section 10 (e) of this Act, at the time such loans are made. The amount of the principal obligations on any other loans made by the Secretary and insured under this section shall not be included in computing said aggregate amount.

"(d) Loans made from funds advanced by lenders other than the United States may be insured by the Secretary upon terms and conditions consistent with the provisions of this section, but no such loan, except loans to associations (including corporations not operated for profit and public or quasi-public agencies), shall be in excess of 90 per centum of the value of the security less any prior lien indebtedness. Loans made or insured under this section shall be subject to all the provisions of this Act except as otherwise provided in this section.

"(e) Any loan heretofore or hereafter made or insured under this Act may be converted to an insured loan under this section at the discretion of the Secretary, and any expenses in connection with such conversion may be paid out of funds available for administrative expenses.

"(f) The Secretary is further authorized to sell any loan heretofore or hereafter made or insured under this Act without insurance thereof upon the written consent of the borrower. Such loan shall be sold at the full amount of the unpaid balance thereof, and upon such sale the Secretary is authorized to assign the security instrument and evidence of debt in such manner that the United States shall have no further right or obligation with respect to the loan."

[H. R. 10965, 85th Cong., 2d sess.]

A BILL To facilitate the insurance of loans under title I of the Bankhead-Jones Farm Tenant Act, as amended, and the Act of August 28, 1937, as amended (relating to the conservation of water resources), and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in the Congress assembled, That, title I of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. 1000 et seq.), is further amended as follows:

(a) The following new section 18 is added:

"Sec. 18. (a) The Secretary of Agriculture is authorized:

"(1) To make loans complying with the requirements of title I of this Act for the purpose of insuring and selling such loans to lenders other than the United States. Any security instrument taken in connection with such loan shall create a lien running to the United States, notwithstanding the fact that the note may be held by such lender or his assignee;

"(2) To insure and make commitments to insure such loans, which, when endorsed for insurance, shall be covered by the insurance provisions of this title;

"(3) To sell such loans at an annual charge, at a rate to be determined by the Secretary, of not less than 1 per centum of the unpaid principal obligation from time to time outstanding on the loan, such charge to be retained by the Secretary out of interest payments made by the borrower: *Provided*, That the total of the rate of such charge plus the rate of return to the holder of the note shall not exceed the interest rate specified in the note. Out of the charges so collected an amount not in excess of one-half of 1 per centum of such unpaid principal obligations shall be deposited in and become a part of the fund. The remainder of such charges collected shall be deposited in the Treasury, to the credit of the Secretary and may be transferred annually to the administrative expense account of the Farmers' Home Administration and become merged therewith. Each such loan shall be sold at the full amount of the unpaid balance thereof at the time of sale, but no loan shall be sold if such balance exceeds 90 per centum of the amount certified by the county committee to be the value of the farm less any prior lien indebtedness at the time the loan was made or upon a determination of such fact by the Secretary at the time of sale;

"(4) To make loans out of moneys in the fund for the purpose of insuring and selling the same under this section: *Provided, however*, that no loan made under this item (4) shall be in excess of 90 per centum of the amount certified by the county committee to be the value of the farm less any prior lien indebtedness: *And provided further*, That no loan shall be made under this item (4) unless the Secretary has reasonable assurance that it can be sold without undue delay. The Secretary may, at his discretion, utilize the provisions of subsections 13 (b) and 13 (c) of this title to borrow from the Secretary of the Treasury an additional sum not in excess of \$5,000,000 for deposit in the fund for this purpose and said subsections are hereby extended to cover such borrowings for the purpose of making loans under this item (4) and under item (4) of subsection 11 (a) of the Act of August 28, 1937, as amended (relating to the conservation of water resources). The amount of the principal obligations on loans made under this item (4) and not disposed of under this section, plus the amount of the principal obligations on loans made out of moneys in the fund under said item (4) of subsection 11 (a) of the Act of August 28, 1937, as amended, and not disposed of under such section 11, shall not exceed the aggregate sum of \$5,000,000 at any one time.

"(b) The interest rate shall be as provided in section 3 (b) (2) of this title and the borrower shall not be required to pay any additional charges for insurance of the loan, but the Secretary may require the payment of such appraisal and delinquency charges as he deems proper.

"(c) The amount of the principal obligations on loans made under item (a) (4) of this section shall be included in computing the aggregate amount of the principal obligations which may be insured in any one fiscal year, as provided in section 12 (b) of this title, at the time such loans are made. The amount of the principal obligations on any other loans made by the Secretary and insured under this section shall not be included in computing said aggregate amount.

"(d) Loans made from funds advanced by lenders other than the United States may be insured by the Secretary upon terms and conditions consistent with the provisions of this section. Loans made or insured under this section shall be subject to all the provisions of this title except as otherwise provided in this section.

"(e) Any loan heretofore or hereafter made or insured under this title may be converted to an insured loan under this section at the discretion of the Secretary, and any expenses in connection with such conversion may be paid out of funds available for administrative expenses.

"(f) The Secretary is further authorized to sell any loan heretofore or hereafter made or insured under this title without insurance thereof upon the written consent of the borrower. Such loan shall be sold at the full amount of the unpaid balance thereof, and upon such sale the Secretary is authorized to assign the security instrument and evidence of debt in such manner that the United States shall have no further right or obligation with respect to the loan."

(b) The third sentence of section 13 (b) is amended to read :

"Such notes shall have such maturities as the Secretary may determine with the approval of the Secretary of the Treasury, and shall bear interest at a rate fixed by the Secretary of the Treasury, taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to the loans made or insured by the Secretary."

(c) Section 15 (a) is amended to add the following sentence :

"Section 5200 of the Revised Statutes (12 U. S. C. 84) is hereby amended to add a new paragraph bearing the next number after that of the last paragraph of the present section 5200 of the Revised Statutes and reading as follows: 'Obligations insured by the Secretary of Agriculture pursuant to the Bankhead-Jones Farm Tenant Act, as amended, or the Act of August 28, 1937, as amended (relating to the conservation of water resources), shall be subject under this section to a limitation of 15 per centum of such capital and surplus in addition to such 10 per centum of such capital and surplus.' "

SEC. 2. The Act entitled "An Act to promote conservation in the arid and semi-arid areas of the United States by aiding in the development of facilities for water storage and utilization, and for other purposes", approved August 28, 1937, as amended (16 U. S. C. 590r-590x-3), is further amended by inserting at the end of said Act the following new section :

"SEC. 11. (a) The Secretary of Agriculture is authorized :

"(1) To make loans complying with the requirements of this Act for the purpose of insuring and selling such loans to lenders other than the United States. Any security instrument taken in connection with such loan shall create a lien running to the United States, notwithstanding the fact that the note may be held by such lender or his assignee ;

"(2) To insure and make commitments to insure such loans, which, when endorsed for insurance, shall be covered by the insurance provisions of this Act ;

"(3) To sell such loans at an annual charge, at a rate to be determined by the Secretary, of not less than 1 per centum of the unpaid principal obligation from time to time outstanding on the loan, such charge to be retained by the Secretary out of interest payments made by the borrower : *Provided*, That the total of the rate of such charge plus the rate of return to the holder of the note shall not exceed the interest rate specified in the note. Out of the charges so collected an amount not in excess of one-half of 1 per centum of such unpaid principal obligations shall be deposited in and become a part of the fund. The remainder of such charges collected shall be deposited in the Treasury to the credit of the Secretary and may be transferred annually to the administrative expense account of the Farmers Home Administration and become merged therewith. Each such loan shall be sold at the full amount of the unpaid balance thereof at the time of sale, but no loan, except loans to associations (including corporations not operated for profit and public or quasi-public agencies), shall be sold if such balance exceeds 90 per centum of the value of the security less any prior lien indebtedness at the time the loan was made or upon a determination of such lien by the Secretary at the time of sale ;

"(4) To make loans out of moneys in the Fund, including funds borrowed from the Secretary of the Treasury under item (4) of subsection 18 (a) of the Bankhead-Jones Farm Tenant Act, as amended, within the aggregate limits therein provided, for the purpose of insuring and selling such loans under this section : *Provided, however*, That no loan made under this item (4) shall be in excess of 90 per centum of the value of the security less any prior lien indebtedness, but such limitation shall not apply to loans to associations, including corporations not operated for profit and public or quasi-public agencies : *And provided further*, That no loan shall be made under this item (4) unless the Secretary has reasonable assurance that it can be sold without undue delay.

"(b) The borrower shall not be required to pay any additional charges for insurance of the loan, but the Secretary may require the payment of such appraisal and delinquency charges as he deems proper. The proceeds of such appraisal or delinquency charges shall be deposited in the Treasury for use for administrative expense as provided in item (a) (3) of this section.

"(c) The amount of the principal obligations on loans made under item (a) (4) of this section shall be included in computing the aggregate amount of the principal obligations which may be insured in any one fiscal year, as provided in section 10 (e) of this Act, at the time such loans are made. The amount of the principal obligations on any other loans made by the Secretary and insured under this section shall not be included in computing said aggregate amount.

"(d) Loans made from funds advanced by lenders other than the United States may be insured by the Secretary upon terms and conditions consistent with the provisions of this section, but no such loan, except loans to associations (including corporations not operated for profit and public or quasi-public agencies), shall be in excess of 90 per centum of the value of the security less any prior lien indebtedness. Loans made or insured under this section shall be subject to all the provisions of this Act except as otherwise provided in this section.

"(e) Any loan heretofore or hereafter made or insured under this Act may be converted to an insured loan under this section at the discretion of the Secretary, and any expenses in connection with such conversion may be paid out of funds available for administrative expenses.

"(f) The Secretary is further authorized to sell any loan heretofore or hereafter made or insured under this Act without insurance thereof upon the written consent of the borrower. Such loan shall be sold at the full amount of the unpaid balance thereof, and upon such sale the Secretary is authorized to assign the security instrument and evidence of debt in such manner that the United States shall have no further right or obligation with respect to the loan."

DEPARTMENT OF AGRICULTURE,
Washington, D. C., April 24, 1958.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This will reply to your request of February 26 for a report on H. R. 10965, a bill to facilitate the insurance of loans under title I of the Bankhead-Jones Farm Tenant Act, as amended, and the act of August 28, 1937, as amended (relating to the conservation of water resources), and for other purposes.

The Department recommends favorable action on H. R. 10965.

This bill is essentially the same as the proposed bill which this Department submitted with an explanatory letter to the Honorable Sam Rayburn, Speaker of the House of Representatives, on February 11, 1958. The difference between H. R. 10965 and the proposed bill submitted by this Department is with respect to the sale of loans to private investors on a noninsured basis without the consent of the borrowers when such borrowers can qualify for loans from other sources. The bill submitted by this Department provides for the sale of certain loans without the consent of the borrower; whereas, H. R. 10965 does not include this provision.

The security instruments for loans under title I of the Bankhead-Jones Farm Tenant Act and the act of August 28, 1937, require that borrowers refinance their loans with private or cooperative lenders when they qualify for loans from such sources. In some instances, borrowers who are eligible for refinancing may refuse to apply for or accept a refinancing loan from a private or cooperative source. The proposal to sell loans of such borrowers without their consent was designed to facilitate the enforcement of this refinancing requirement; as well as to make possible the liquidation of the Government's interest and insurance liability without the cost and delay of foreclosure, in cases where other creditors are willing to hold the balance of the indebtedness without insurance. As a substitute for the language originally submitted by this Department, consideration might be given to adding to the first sentence of subsection (f), page 5, line 11, and the first sentence of subsection (f), page 10, line 6, the following: "or without such consent after acceleration of the indebtedness because of the borrower's failure to pay or breach of other covenants in the mortgage and notice to the borrower of the Government's intention to foreclose the security."

Aside from the proposed borrowing authority for the mortgage insurance fund out of which insurable loans could initially be made, the proposed amendments would involve no additional expenditures and should over a period of several years reduce to a considerable extent the overhead administrative cost of the insured loan programs. Also, the conversion of direct loans to insured loans would reduce the direct loan indebtedness.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

Mr. POAGE. The committee will please come to order.

We have for consideration today two identical bills, one introduced by Mr. Hill, H. R. 10965, and one introduced by Mr. McIntire, H. R. 10957.

I guess the procedure would be for you to explain the bill, Mr. McIntire, or I see Mr. Hansen and Mr. Smith here.

STATEMENT OF HON. CLIFFORD G. McINTIRE, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF MAINE

Mr. McINTIRE. Thank you very kindly, Mr. Chairman.

In view of the fact this bill came up by executive communication, I would suggest that the executive communication be made a part of the record.

Mr. POAGE. Without objection.

(The document referred to follows:)

DEPARTMENT OF AGRICULTURE,
Washington, D. C., February 11, 1958.

HON. SAM RAYBURN,
Speaker, House of Representatives.

DEAR MR. SPEAKER: There is submitted herewith for consideration by the Congress a draft of a bill which would amend title I of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. 1000 et seq.), and the act of August 28, 1937, as amended (16 U. S. C. 590r-590x-3), to facilitate the insurance of farm ownership and soil and water conservation loans.

Farm ownership loans under title I of the Bankhead-Jones Farm Tenant Act, as amended, and soil and water conservation loans under the act of August 28, 1937, as amended, are of two types: (1) direct loans made from funds borrowed from the Secretary of the Treasury, and (2) loans made from funds advanced by private lenders and insured by the Government. It is the policy of the Department to make insured loans whenever the applicant can qualify and funds from private lenders are available. The proposed legislation will facilitate the insurance of loans by authorizing the conversion of direct loans to insured loans, by authorizing the making of loans to be sold in blocks to interested private lenders, and by providing flexibility, within limits, in determining the portion of the interest charges to be retained by the Government as compensation for the insurance of the loan and to cover administrative expenses. In addition, the amendments are designed to assist in graduating borrowers to other sources of credit by facilitating the transfer of indebtedness to private lenders with the consent of the borrowers.

Under the proposed amendments, loans otherwise eligible for insurance under title I, but made from direct Government funds because funds from private sources are not available, could be converted to insured loans whenever funds from private sources become available. This would result in reducing the direct loan indebtedness to the Secretary of the Treasury and, in turn, act to reduce the public debt.

We recommend that these amendments be enacted.

Section 1 (a) of the proposed bill would add a new section 18 to title I of the Bankhead-Jones Farm Tenant Act, as amended, containing the following provisions:

(1) Authorizes the making of direct loans which could be converted to insured loans and sold to private lenders provided the outstanding obligation of the loan at the time of sale does not exceed 90 percent of the value of the farm less any prior lien indebtedness. Security for the loan would be taken in the name of the Government notwithstanding the fact that the note later may be held by a private lender or his assignee.

(2) Authorizes the sale of direct loans to private lenders on an insured basis at the full amount of the unpaid balance plus an annual charge of not less than 1 percent of the unpaid principal obligation from time to time outstanding on the loan. This charge would be retained out of interest payments made by the borrower. One-half of the receipts from minimum charges of 1 percent would be deposited in the farm tenant-mortgage insurance fund. The other one-half would be available for administrative expenses. Receipts from all charges over and above 1 percent would be available for administrative expenses. The use of this provision would make it possible to secure a greater share of the interest payments made by the borrower for use of the Government in circumstances where private lenders could be found who would advance funds for the loan at an interest rate of more than 1 percent below the rate paid by the borrower. It seems that in future years circumstances would arise in which insured loans which were held by the insurance fund could be disposed of to private lenders at an interest rate permitting the Government to retain more than 1 percent of the total interest rate called for in the note.

(3) Experience with the insured loan programs of the Farmers' Home Administration indicates that many lenders are reluctant to advance funds for individual loans, but are willing to accept a block of loans aggregating a substantial amount. To assist in overcoming this difficulty, the proposed bill authorizes borrowing, through the farm tenant-mortgage insurance fund, not in excess of \$5 million for the purposes of making loans under title I of the Bankhead-Jones Farm Tenant Act and the act of August 28, 1937, to be insured and sold to private lenders in blocks. This authority could not be used unless there was reasonable assurance that the loans could be sold without undue delay.

(4) Authorizes converting any direct loan or any insured loan to an insured loan within the provisions of the proposed section 18.

(5) The Bankhead-Jones Farm Tenant Act presently provides that a borrower shall refinance his loan whenever he may be able to obtain a loan from another source at the rate prevailing in the area but not in excess of the rate of 5 percent. One of the difficulties in securing full compliance with this provision has been the necessity for the borrower to liquidate his present loan and incur title clearance and other expenses in connection with a new loan. The proposed bill would authorize the sale of any Government held title I direct or insured loan with the consent of the borrower, or without his consent if the borrower fails to comply with his agreement to refinance his indebtedness when he is able to do so.

Sections 13 (b) of title I of the Bankhead-Jones Farm Tenant Act presently provides that funds borrowed from the Secretary of the Treasury for use of the farm tenant-mortgage insurance fund shall bear interest at a rate equal to the average rate of interest on outstanding interest-bearing marketable public-debt obligations, of the United States. Section 1 (b) of the proposed bill would amend this section to give the Secretary of the Treasury discretionary authority to set the rate but providing that he take into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to the loans made or insured by the Secretary of Agriculture.

Section 1 (c) of the proposed bill would amend section 15 (a) to make it easier for small banks to participate in the insured-loan programs. Many of the national banks are unable to make the average loan under title I of the Bankhead-Jones Farm Tenant Act and some of the larger loans under the act of August 28, 1937, because of the provision in the National Bank Act limiting the amount of indebtedness of any 1 individual to 10 percent of the bank's capital and surplus. The proposed bill would amend the National Bank Act to lift this limitation to the equivalent of 25 percent of the bank's capital and surplus with respect to these two types of insured loans.

Section 2 of the proposed bill would add a new section 11 to the act of August 28, 1937, providing similar authority for loans made under that act as contained in the proposed new section 18 of title I of the Bankhead-Jones Farm Tenant Act, as amended. One additional change would limit loans made to individuals and insured under the proposed new section 11 to 90 percent of the value of the security taken in connection with the loan less any prior lien indebtedness. There is no restriction in the present act with respect to the amount of the loan as related to the value of the security. Loans to associations, including corporations not operated for profit and public and quasi-public agencies, would not be subject to this limitation.

Aside from the proposed borrowing authority for the fund out of which insurable loans would be initially made, the proposed amendments would involve no additional expenditures and should, over a period of several years, reduce to a considerable extent the overhead administrative costs of the insured-loan programs. Also, as indicated above, the conversion of direct loans to insured loans would reduce the direct loan indebtedness.

The Bureau of the Budget advises that enactment of this proposed legislation would be in accord with the program of the President.

Sincerely yours,

E. T. BENSON.

A BILL To facilitate the insurance of loans under title I of the Bankhead-Jones Farm Tenant Act, as amended, and the Act of August 28, 1937, as amended (relating to the conservation of water resources), and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 1. Title I of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. 1000 et seq.), is further amended as follows:

(a) The following new section 18 is added:

"SEC. 18. (a) The Secretary of Agriculture is authorized—

"(1) To make loans complying with the requirements of title I of this Act for the purpose of insuring and selling such loans to lenders other than the United States. Any security instrument taken in connection with such loan shall create a lien running to the United States, notwithstanding the fact that the note may be held by such lender or his assignee;

"(2) To insure and make commitments to insure such loans, which, when endorsed for insurance, shall be covered by the insurance provisions of this title;

"(3) To sell such loans at an annual charge, at a rate to be determined by the Secretary, of not less than 1 per centum of the unpaid principal obligation from time to time outstanding on the loan, such charge to be retained by the Secretary out of interest payments made by the borrower: *Provided*, That the total of the rate of such charge plus the rate of return to the holder of the note shall not exceed the interest rate specified in the note. Out of the charges so collected, an amount not in excess of one-half of 1 per centum of such unpaid principal obligations shall be deposited in and become a part of the fund. The remainder of such charges collected shall be deposited in the Treasury to the credit of the Secretary and may be transferred annually to the administrative expense account of the Farmers' Home Administration and become merged therewith. Each such loan shall be sold at the full amount of the unpaid balance thereof at the time of sale, but no loan shall be sold if such balance exceeds 90 per centum of the amount certified by the county committee to be the value of the farm less any prior lien indebtedness at the time the loan was made or upon a determination of such fact by the Secretary at the time of sale;

"(4) To make loans out of moneys in the fund for the purpose of insuring and selling the same under this section: *Provided, however*, That no loan made under this item (4) shall be in excess of 90 per centum of the amount certified by the county committee to be the value of the farm less any prior lien indebtedness: *And provided further*, That no loan shall be made under this item (4) unless the Secretary has reasonable assurance that it can be sold without undue delay. The Secretary may, at his discretion, utilize the provisions of subsections 13 (b) and 13 (c) of this title to borrow from the Secretary of the Treasury an additional sum not in excess of \$5,000,000 for deposit in the fund for this purpose and said subsections are hereby extended to cover such borrowings for the purpose of making loans under this item (4) and under item (4) of subsection 11 (a) of the Act of August 28, 1937, as amended (relating to the conservation of water resources). The amount of the principal obligations on loans made under this item (4) and not disposed of under this section, plus the amount of the principal obligations on loans made out of moneys in the fund under said item (4) of subsection 11 (a) of the Act of August 28, 1937, as amended, and not disposed of under such section 11, shall not exceed the aggregate sum of \$5,000,000 at any one time.

"(b) The interest rate shall be as provided in section 3 (b) (2) of this title and the borrower shall not be required to pay any additional charges for insurance of the loan, but the Secretary may require the payment of such appraisal and delinquency charges as he deems proper.

"(c) The amount of the principal obligations on loans made under item (a) (4) of this section shall be included in computing the aggregate amount of the principal obligations which may be insured in any one fiscal year, as provided in section 12 (b) of this title, at the time such loans are made. The amount of the principal obligations on any other loans made by the Secretary and insured under this section shall not be included in computing said aggregate amount.

"(d) Loans made from funds advanced by lenders other than the United States may be insured by the Secretary upon terms and conditions consistent with the provisions of this section. Loans made or insured under this section shall be subject to all the provisions of this title except as otherwise provided in this section.

"(e) Any loan heretofore or hereafter made or insured under this title may be converted to an insured loan under this section at the discretion of the Secretary, and any expenses in connection with such conversion may be paid out of funds available for administrative expenses.

"(f) The Secretary is further authorized to sell any loan heretofore or hereafter made or insured under this title without insurance thereof upon the written consent of the borrower, or without such consent when the borrower has failed to comply with his agreement to refinance the indebtedness at the request of the Secretary. Such loan shall be sold at the full amount of the unpaid balance thereof, and upon such sale the Secretary is authorized to assign the security instrument and evidence of debt in such manner that the United States shall have no further right or obligation with respect to the loan."

(b) The third sentence of section 13 (b) is amended to read:

"Such notes shall have such maturities as the Secretary may determine with the approval of the Secretary of the Treasury, and shall bear interest at a rate fixed by the Secretary of the Treasury, taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to the loans made or insured by the Secretary."

(c) Section 15 (a) is amended to add the following sentence:

"Section 5200 of the Revised Statutes (12 U. S. C. 84) is hereby amended to add a new paragraph bearing the next number after that of the last paragraph of the present section 5200 of the Revised Statutes and reading as follows: 'Obligations insured by the Secretary of Agriculture pursuant to the Bankhead-Jones Farm Tenant Act, as amended, or the Act of August 28, 1937, as amended (relating to the conservation of water resources), shall be subject under this section to a limitation of 15 per centum of such capital and surplus in addition to such 10 per centum of such capital and surplus.'"

SEC. 2. The Act entitled "An Act to promote conservation in the arid and semiarid areas of the United States by aiding in the development of facilities for water storage and utilization, and for other purposes", approved August 28, 1937, as amended (16 U. S. C. 590r-590x-3), is further amended by inserting at the end of said Act the following new section:

"SEC. 11. (a) The Secretary of Agriculture is authorized—

"(1) To make loans complying with the requirements of this Act for the purpose of insuring and selling such loans to lenders other than the United States. Any security instrument taken in connection with such loan shall create a lien running to the United States, notwithstanding the fact that the note may be held by such lender or his assignee;

"(2) To insure and make commitments to insure such loans, which, when endorsed for insurance, shall be covered by the insurance provisions of this Act;

"(3) To sell such loans at an annual charge, at a rate to be determined by the Secretary, of not less than 1 per centum of the unpaid principal obligation from time to time outstanding on the loan, such charge to be retained by the Secretary out of interest payments made by the borrower: *Provided*, That the total of the rate of such charge plus the rate of return to the holder of the note shall not exceed the interest rate specified in the note. Out of the charges so collected an amount not in excess of one-half of 1 per centum of such unpaid principal obligations shall be deposited in and become a part of the fund. The remainder of such charges collected shall be deposited in the Treasury to the credit of the Secretary and may be transferred annually to the administrative expense account of the

Farmers' Home Administration and become merged therewith. Each such loan shall be sold at the full amount of the unpaid balance thereof at the time of sale, but no loan, except loans to associations (including corporations not operated for profit and public or quasi-public agencies), shall be sold if such balance exceeds 90 per centum of the value of the security less any prior lien indebtedness at the time the loan was made or upon a determination of such fact by the Secretary at the time of sale;

"(4) To make loans out of moneys in the fund, including funds borrowed from the Secretary of the Treasury under item (4) of subsection 18 (a) of the Bankhead-Jones Farm Tenant Act, as amended, within the aggregate limits therein provided, for the purpose of insuring and selling such loans under this section: *Provided, however,* That no loan made under this item (4) shall be in excess of 90 per centum of the value of the security less any prior lien indebtedness, but such limitation shall not apply to loans to associations, including corporations not operated for profit and public or quasi-public agencies: *And provided further,* That no loan shall be made under this item (4) unless the Secretary has reasonable assurance that it can be sold without undue delay.

"(b) The borrower shall not be required to pay any additional charges for insurance of the loan, but the Secretary may require the payment of such appraisal and delinquency charges as he deems proper. The proceeds of such appraisal or delinquency charges shall be deposited in the Treasury for use for administrative expense as provided in item (a) (3) of this section.

"(c) The amount of the principal obligations on loans made under item (a) (4) of this section shall be included in computing the aggregate amount of the principal obligations which may be insured in any one fiscal year, as provided in section 10 (e) of this Act, at the time such loans are made. The amount of the principal obligations on any other loans made by the Secretary and insured under this section shall not be included in computing said aggregate amount.

"(d) Loans made from funds advanced by lenders other than the United States may be insured by the Secretary upon terms and conditions consistent with the provisions of this section, but no such loan, except loans to associations (including corporations not operated for profit and public or quasi-public agencies), shall be in excess of 90 per centum of the value of the security less any prior lien indebtedness. Loans made or insured under this section shall be subject to all the provisions of this Act except as otherwise provided in this section.

"(e) Any loan heretofore or hereafter made or insured under this Act may be converted to an insured loan under this section at the discretion of the Secretary, and any expenses in connection with such conversion may be paid out of funds available for administrative expenses.

"(f) The Secretary is further authorized to sell any loan heretofore or hereafter made or insured under this Act without insurance thereof upon the written consent of the borrower, or without such consent when the borrower has failed to comply with his agreement to refinance the indebtedness at the request of the Secretary. Such loan shall be sold at the full amount of the unpaid balance thereof, and upon such sale the Secretary is authorized to assign the security instrument and evidence of debt in such manner that the United States shall have no further right or obligation with respect to the loan."

Mr. McINTIRE. I might say there is a very slight change made in the bill as it was introduced in comparison with the bill that came up by executive communication.

In my opinion this is legislation which will be constructive in this field and I am sure that those we have with us this morning can give us a detailed explanation, and I will defer any further explanation at this point.

Mr. POAGE. Mr. Hansen, would you like to speak on it?

STATEMENT OF KERMIT H. HANSEN, ADMINISTRATOR, FARMERS' HOME ADMINISTRATION; ACCOMPANIED BY HENRY C. SMITH, DEPUTY ADMINISTRATOR; HOWARD V. CAMPBELL, CHIEF, FARMERS' HOME DIVISION, OFFICE OF THE GENERAL COUNSEL, DEPARTMENT OF AGRICULTURE; CHARLES C. BARNARD, DIRECTOR, BUDGET AND STATISTICS DIVISION, FARMERS' HOME ADMINISTRATION; AND ALBERT H. SEIGEL, ATTORNEY, FARMERS' HOME DIVISION, OFFICE OF THE GENERAL COUNSEL, DEPARTMENT OF AGRICULTURE

Mr. HANSEN. Mr. Chairman, I appreciate this opportunity to be with your committee here.

I brought with me Henry Smith, our Deputy Administrator, and Mr. Campbell from the General Counsel's Office, and also Mr. Barnard, Director of the Budget and Statistics Division of the Farmers' Home Administration, and Mr. Siegel from the General Counsel's Office, if we need them.

I believe these bills, if passed, would be of considerable value to us in administering our insured loan program. To me it is not a revolutionary piece of legislation, particularly but it is sort of a working tool that would enable us to be a little more effective and give us a little more latitude, not as far as broadening what we can do, but in handling the insured loan program itself.

To me it would do this: It would set up a \$5 million revolving fund from which we could make loans and then, as private lenders were available, we could place these loans with private sources and return the money to the Treasury.

Mr. POAGE. Would you return the money to the Treasury or to the fund?

Mr. HANSEN. To the fund, pardon me. It would be a revolving fund. Of course, if the prospects for sale of the loans were not good, the fund would not be used.

Some of the experiences we have had are that banks of all sizes, small or large, are hesitant to tie themselves up 3 or 4 or 6 months during the time it takes sometimes to close these loans. We believe that if we had these loans more readily available, investors would be in a better position to participate. That would be the objective of the \$5 million revolving fund. We would have loans immediately available for placement with private lenders and we could also deal in larger amounts because many banks want sums larger than \$5,000, \$10,000, \$15,000, or \$20,000, as our loans run.

Another thing it would do would be that loans made through direct funds, as soon as the borrower had 10-percent equity in the loan, could then be sold and, in that case, the money would be returned to the Treasury at an earlier date. It would permit us to sell these loans on an insured basis without new docketing and it would leave the borrower in the same relationship with the Government, so it would not jeopardize his position. It would be changing the dollars from the Treasury to private sources of credit.

Another thing the bill would do, is that presently national banks can only loan up to 10 percent of their capital and surplus to any one individual. Since these insured notes are pretty much a Government

security it would permit the banks to go up to 25 percent of their capital and surplus, and in this way many small national banks with a relatively small capital structure could buy our paper rather than other Government securities. It would enable them to help farmers in their community to develop or enlarge their farm units.

Mr. POAGE. May I interrupt there. I would imagine the Committee on Banking and Currency is going to complain bitterly about this committee taking jurisdiction over the operation of national banks. It sounds to me like a perfectly logical and a perfectly proper provision, but you know these interagency and jurisdictional fights, and I very much fear this will cause trouble with the Banking and Currency Committee.

Mr. McINTIRE. Mr. Chairman, might I ask Mr. Hansen, this is a provision with which the Treasury is in accord; is it not? This provision is not objectionable to the Treasury Department?

Mr. BARNARD. No.

Mr. POAGE. Do you have a formal letter from the Treasury Department we can present to the Banking and Currency Committee?

Mr. BARNARD. Not with me, but I do have a copy of a letter they sent to the Department of Agriculture.

Mr. POAGE. Will you insert that in our record?

Mr. BARNARD. Yes, sir.

(The letter referred to above is as follows:)

(The following letter from the Deputy Comptroller of the Currency, Mr. L. A. Jennings to Mr. K. L. Scott, Director of Agricultural Credit Services, confirms the fact that the Treasury Department has no objection to the amendment to R. S. 5200 (12 U. S. C. 84), as provided by H. R. 10965, and H. R. 10957:)

TREASURY DEPARTMENT,
COMPTROLLER OF THE CURRENCY,
Washington, May 23, 1957.

Mr. K. L. SCOTT,
*Director, Agricultural Credit Services,
Department of Agriculture, Washington, D. C.*

DEAR MR. SCOTT: In reply to your letter of May 17, 1957, you are advised that this office would have no objection to an amendment to R. S. 5200 (12 U. S. C. 84), which would add a new exception to read, "Obligations insured by the Secretary of Agriculture pursuant to the Bankhead-Jones Farm Tenant Act, as amended, or the act of August 28, 1937, as amended (relating to the conservation of water resources), shall be subject under this section to a limitation of 15 percent of such capital and surplus in addition to such 10 percent of such capital and surplus."

However, we do not believe that this amendment should be inserted in two separate places as would apparently be contemplated by exhibit C.

Very truly yours,

L. A. JENNINGS,
Deputy Comptroller of the Currency.

Mr. McINTIRE. May I say this point has been one on which there has been a long period of discussion with the Treasury. It is not a new point at all. But your point is well taken, Mr. Chairman.

Mr. POAGE. I am not objecting to it in the least. I think it is sound.

Mr. McINTIRE. The point is well taken as to the Banking and Currency Committee, and I think the record should show that the Treasury Department is in accord with this provision.

Mr. POAGE. It might be the better part of wisdom, if we have an objection from the Banking and Currency Committee, that we elimi-

nate that section, which I believe could be done without doing a great deal of violence to your bill. I am not advocating that because I think this is a perfectly sound provision.

Mr. HANSEN. To me it is like a bank buying any other Government security, because it is backed up by the full faith and credit of the Government, and it seems they might as well buy these and help their local communities rather than buy other Government securities.

Mr. CAMPBELL. Mr. Chairman, this particular section of the National Banking Act and another section of that act, dealing with the loan value ratio, have been amended from time to time in legislation affecting various programs of the Government, which have originated in committees other than the Banking and Currency Committee.

Mr. POAGE. There might be no objection on the part of the Banking and Currency Committee and if there is not it is all right. If there is, I suppose you would as soon leave this section out?

Mr. HANSEN. Definitely. I think it is cleared, as Mr. Barnard indicated, and we will submit the material to you for your consideration.

Another feature of this legislation is that, it would permit us to allow our borrowers to refinance without additional cost. As it has been in the past, there has been a hesitancy on the part of our borrowers to refinance our loan even though it was paid down to the point they could refinance with private sources because it entailed some cost to them; the new recording and title search and so forth did entail some cost to them. This provision would permit the borrower and would permit us to refinance by merely eliminating the insurance feature. He would then be working with conventional sources of credit.

Mr. POAGE. You would sell the note without any insurance?

Mr. HANSEN. That is right, and it would not involve any additional cost to him so far as title search and other work that would go into it. It would merely go in the hands of a private lender, as is done in normal conventional lending transactions, and the government participation would be eliminated.

Mr. McINTIRE. Mr. Chairman, if I may raise the point, this bill differs from the draft submitted in that the original draft permitted this to be done without the borrower's consent.

Mr. HANSEN. Yes, sir.

Mr. McINTIRE. And these bills do not include that provision.

Mr. HANSEN. I personally see nothing wrong with that feature as you have just described it. In fact, we had anticipated we would function in that manner anyway, and we try never to function in a way that is not in accord with the wishes of our borrowers.

Mr. POAGE. The interest rate is 4 percent?

Mr. HANSEN. 4½ percent.

Mr. POAGE. That is the interest rate at which you are making the loans, and one-half of 1 percent of that is for the insurance?

Mr. HANSEN. One-half of 1 percent for insurance and one-half of 1 percent for administration.

Mr. POAGE. And that makes up the 4½ percent?

Mr. HANSEN. Yes.

Mr. POAGE. So there is a net interest rate of only 3½ percent?

Mr. HANSEN. Yes.

Mr. POAGE. When you sold this paper would it carry $4\frac{1}{2}$ percent interest or $3\frac{1}{2}$ percent interest?

Mr. HANSEN. It would be $4\frac{1}{2}$ percent, if it was a parallel transfer, and under this last provision that I referred to the borrower would still be paying $4\frac{1}{2}$ percent but the $4\frac{1}{2}$ percent would go to the lender.

Mr. POAGE. And the $4\frac{1}{2}$ percent would all be interest rather than $3\frac{1}{2}$ percent interest and one-half of 1 percent insurance and one-half of 1 percent for administration?

Mr. HANSEN. Yes.

Mr. POAGE. So it would not change what the borrower was paying but it would change what the holder of the paper was getting?

Mr. HANSEN. Yes.

Mr. McINTIRE. It would reduce what the borrower was paying by one-half of 1 percent because the insurance would not be carried.

Mr. HANSEN. No. But even $4\frac{1}{2}$ percent is very competitive. Incidentally, interest rates have come down substantially in the last 60 days or so.

Mr. McINTIRE. Four and one-half percent includes the one-half of 1 percent for insurance?

Mr. HANSEN. Yes. That is the total cost to the borrower.

Mr. POAGE. What you do in effect as you say to the lender: "We insure this. We made Bill Hill a loan and he hasn't any money and we may have a 100 percent loss. Mr. Henry will buy that note but he won't buy it unless somebody guarantees it."

So you say, "We will guarantee it, but we will charge you 1 percent, one-half of 1 percent for insurance and one-half of 1 percent to administer it. So we will let you draw only $3\frac{1}{2}$ percent as long as we insure it."

But when Mr. Hill has paid off 10 percent you would say to Mr. Henry, "All right, you can have $4\frac{1}{2}$ percent on that money but we will step out of it and no longer give you any guaranty and you must look to Mr. Hill and the property for your guaranty."

And Mr. Hill is no better or no worse off. He is still paying exactly the same as he was.

Mr. SMITH. The only exception to what you have said is that, more than likely, the borrower would have to acquire about 35 percent equity in his farm for this transaction to take place.

Mr. POAGE. But I thought this bill required 10 percent equity.

Mr. HANSEN. We will go up to 100 percent of the appraised value on our direct loans, but the statute provides that he must have 10 percent equity for the loan to be insured. As soon as he gets 10 percent equity we could insure it, but as soon as he had paid down to a point a private man can finance it—it does not have to be an institution but can be somebody else—we could work with our borrower to re-finance through private sources by a parallel transfer, more or less, removing the insurance feature.

Mr. POAGE. To get back to this bank situation, the bank that makes a loan for more than 10 percent of its capital to one borrower, can only do that so long as it is insured?

Mr. HANSEN. That is right.

Mr. POAGE. You could not turn around and sell to a bank in Irodel, Tex., with a \$10,000 capital a \$2,500 note? You could not sell the \$2,500 note to the bank except as an insured note, and the minute it

ceased to be insured they would have to step out of the picture; they could not take that note of \$2,500 over without the insurance, it would have to be sold to a larger bank or to some private investor?

Mr. HANSEN. Two things would probably happen. First of all, when the loan was paid down to a point he could handle it without the insured feature, he might be down to 10 percent. Most banks have contacts with other lenders that they can place their paper through, so they might act as an agent to place it with some other sources, an insurance company perhaps, or any other source they had.

Mr. McINTIRE. Mr. Chairman, may I add one other point. While the agreements between Mr. Hill and Mr. Smith are such that Mr. Hill is supposed to turn this over when Mr. Smith wants him to, nevertheless under this legislation it is intended that Mr. Hill's mortgage will be sold with his permission.

Mr. HANSEN. Yes.

Mr. McINTIRE. So that what we are getting at here is that the Farmers' Home Administration, to get back to the legislation, will not administratively or under the intent of this law, just arbitrarily sell these mortgages where they can get the money and put them in the hands of an individual who may not be satisfactory to the borrower.

Mr. HANSEN. That is right.

Mr. McINTIRE. This puts a limitation on it, I appreciate that, but I do think there should be a point where we can say this is all done with the full cooperation between the borrower and the Farmers' Home Administration.

Mr. SMITH. The Department's report on the bill does suggest that there ought to be some additional language included in the bill to safeguard the agency's right to assign these mortgages when the borrower is in default for some reason under his mortgage. That is an inherent right that the agency has had all along with respect to all of its loans and mortgages.

Mr. McINTIRE. Do you have that language, Mr. Smith?

Mr. SMITH. Yes, we do.

Mr. McINTIRE. The language is in the report?

Mr. SMITH. Yes, sir. It would be inserted on page 5 in line 11 and on page 10, line 6, after the word "borrower":

or without such consent after acceleration of the indebtedness because of the borrower's failure to pay or breach of other covenants in the mortgage and notice to the borrower of the Government's intention to foreclose the security.

That right is vested in the agency generally in its servicing of its loans so we would not want to lose that particular basic right. For that reason we have suggested that language probably should be inserted in the bill.

Mr. HANSEN. I would agree with Mr. Smith's statement on that.

Mr. McINTIRE. Mr. Chairman, I would suggest that this language certainly seems to me to have much merit and that we keep it before us and consider it in executive session.

Mr. POAGE. Was there anything further?

Mr. HANSEN. That concludes my statement, Mr. Chairman. We would be happy to answer any questions that you wish to pose to us.

Mr. POAGE. There has just been brought to my attention a letter

from the Comptroller which I think maybe needs a little discussion. He says:

The only significant difference between the direct loans and insured loans is that funds for direct loans are obtained from the Treasury Department and funds for insured loans are obtained directly from the public. The annual charge of $4\frac{1}{2}$ percent to borrowers on loans insured by FHA, comprised of interest of $3\frac{1}{2}$ percent to lenders and a 1-percent charge retained by FHA for insurance premium and loan servicing, is the same as the interest rate under the FHA direct-loan program. The farm tenant mortgage insurance fund is used for insuring these loans.

What does he mean by "The farm tenant mortgage insurance fund is used for insuring these loans"?

Mr. SMITH. That is the fund that is established by the Bankhead-Jones Farm Tenant Act through which these loans are actually guaranteed.

Mr. POAGE. The one-half of 1 percent goes in there and guarantees the loan?

Mr. SMITH. Yes. There was an initial appropriation in that fund of \$1 million.

Mr. POAGE. To guarantee the insured loans?

Mr. SMITH. Yes.

Mr. POAGE. You charge $3\frac{1}{2}$ percent on your direct loans?

Mr. SMITH. $4\frac{1}{2}$ percent.

Mr. POAGE. What did he mean when he said the interest was the same? In other words, the cost to the borrower is exactly the same whether it is a direct or an insured loan?

Mr. HANSEN. That is right.

Mr. POAGE. The Comptroller says further:

In our report to the Congress on the audit of Farmers' Home Administration for fiscal year 1955 (B-114873, November 30, 1956), we commented on the insured-loan program (pp. 31-35) and stated that the administrative expenses borne by FHA under the insured-loan programs are larger than the expenses would be for a comparable volume of direct loans. Additional expenses include the cost of locating funds, handling the transactions through private lenders, and the cost of purchasing and refinancing loans acquired at the request of lenders. Under the proposed legislation, it would be possible to reduce these additional expenses by selling the loans in blocks to private lenders.

That would be where you would sell to insurance companies?

Mr. HANSEN. Or even private banks would take a block larger than a \$10,000 loan.

Mr. POAGE (continuing reading):

We also stated that under the insured loan program, less funds are available to cover program costs than would be available under a direct loan program.

I suppose that could mean the same thing you said before?

Mr. SMITH. I think so.

Mr. POAGE (continuing reading):

Funds available (service and insurance charge) during 1956 under the insured loan program were about a million dollars; under a direct loan program of comparable size about \$2 million would have been available to the Government after allowing for interest, at the average rate on total public issues, on Treasury funds required to finance the program. However, under the proposed legislation, it would be possible under certain circumstances for the Government to retain a greater portion of the interest charges on insured loans as compensation for insurance of the loan and to cover administrative expenses.

I do not understand how the proposed legislation changes the amount the Government can retain of the interest charges.

Mr. CAMPBELL. Mr. Chairman, you will note on page 2 of the bill, line 15, that instead of stating the charge to the borrower as $3\frac{1}{2}$ -percent interest and one-percent insurance charge and administrative costs, this legislation proposes to provide an overall charge. Out of that overall charge the bill provides that—

an amount not in excess of one-half of 1 percent of such unpaid principal obligations shall be deposited in and become a part of the fund. The remainder of such charges collected shall be deposited in the Treasury.

But when the money market is such that lenders are willing to buy this insured paper for less than $3\frac{1}{2}$ percent, the negotiations between the Secretary and the lender might result in a 3-percent purchase, leaving $1\frac{1}{2}$ percent as insurance and as administrative expenses, as provided in the law. I believe that is what the Comptroller is saying.

Mr. POAGE. In other words, instead of considering there is $3\frac{1}{2}$ -percent interest on all these loans, we are saying the only interest is what the average rate on Government obligations is, that is the interest, and the rest goes in this fund?

Mr. SMITH. No; the total charge to the borrower will not exceed .5 percent under the statute. At the present time the total charge would be $4\frac{1}{2}$ percent, and out of the $4\frac{1}{2}$ percent a definite 1 percent would go to the Government. If there are purchasers for investment capital at less than $3\frac{1}{2}$ percent down to 3 percent, for example, the result would be to leave in the fund for distribution a greater amount than is now possible.

Mr. POAGE. That would not be for a long time. It would be some time before there would be purchasers at less than $3\frac{1}{2}$ percent.

Mr. SMITH. Yes. There is some indication that some could be sold now at less than $3\frac{1}{2}$ percent. As Mr. Campbell has stated, under the statute now there is no way by which the Government can acquire more than 1 percent out of the transaction. This bill would give some flexibility as to how much "take" the Government could acquire.

Mr. POAGE. You say people are now talking about buying these notes without a guaranty?

Mr. SMITH. No; with a guaranty.

Mr. POAGE. I can understand why they would buy them for less than $3\frac{1}{2}$ percent with a Government guaranty because that is higher than they can buy Government bonds for. I can understand that, but I do not see where there would be any profit to anybody until you sold the notes.

Mr. SMITH. We are talking about selling them with a Government guaranty.

Mr. POAGE. I thought you were talking about selling them without a Government guaranty.

Mr. SMITH. No, sir.

Mr. POAGE. You are talking about this revolving fund. It is only when you create the revolving fund that you create the opportunity to sell a block of these notes at the best price you can get for them, because today these notes have to bear the interest that you have to give to an individual lender. Today you cannot sell a block of these notes to anybody with a guaranty, can you?

Mr. CAMPBELL. Yes, we can, but under existing law we have to sell them at $3\frac{1}{2}$ -percent interest plus the 1-percent insurance and ad-

ministrative charge. We do have notes coming in by way of redemption and repurchase which we sell in blocks to private investors. The additional authority in this bill would be that the sale out of the fund of insured loans would be more flexible and could follow more closely the money market. There would be the alternative under this bill, if circumstances warranted, to sell them without insurance and such sales would probably be at the rate of interest that is charged the borrower.

Mr. McINTIRE. Mr. Chairman, I was laboring under the impression that at the present time your regulations, in line with the statute, required you to sell—I do not like the word “sell”——

Mr. CAMPBELL. Place.

Mr. McINTIRE. Place, yes; because actually they are not sold; they are merely transferred. You get money for them but you still have an obligation and they are not sold; they are rediscounted, just the same as if you would take a note into a bank and endorse it, and they would lend you the money on somebody else's note. But I was laboring under the impression that in order to effect an arrangement here whereby a loan which you have with the borrower that meets the requirements could be an insured loan and you could get the money from the bank, that that transaction had to be done on an individual instrument basis.

Mr. CAMPBELL. Yes, sir.

Mr. McINTIRE. And that you sold them as individual notes.

Mr. CAMPBELL. That is right.

Mr. McINTIRE. But this legislation permits you, instead of individual notes, to say, “Here is a block. This constitutes \$100,000 of notes and security including our insurance agreement.” And you would deal in \$100,000 instead of dealing in \$5,000 and \$10,000.

Mr. SMITH. That is right.

I think there are two things we probably got mixed up a little bit in our conversation here. The Government, in handling this insurance program in Farmers' Home, in the operation of it, acquires some of the loans by the lenders assigning them back to the Government following the period they agreed to hold them. The agency acquires some of these loans. The Government pays the lender off and takes assignment of the notes. We have in the past few months been selling some of this type of loan in blocks, but once the lender gets them he still has individual notes to reckon with, but at any given time we are able to say to him, “We have half a million dollars worth of loans insured by the Government you can buy at a certain figure that will net you a certain figure.” That goes on day after day and year after year in handling this business. That should not be confused with our current lending. At the present time under the statute the only manner in which that can be done is on an individual loan basis, be it a local bank that wants to become a lender or one of the largest investors in the country. We have to say to him, “You have to buy this on an individual loan basis.”

If this amendment were enacted by the Congress the agency could make these loans first out of the fund on the same basis that they would make them heretofore, in other words, 90 percent of the value of the farm, and then after we made a number of these loans we could say, “We have half a million dollars worth of these loans that

can be sold to you tomorrow. You can buy them at a certain figure and they will net you a certain amount of interest." After the lender gets them he will still have individual notes he will have to handle and keep his records on an individual basis, but we could let the lender have a block of loans at a time that would net him a certain amount.

Mr. HANSEN. One of our problems has been that there is a negotiation period when the lenders are holding their money in abeyance. This way we could close the loan and make immediate delivery.

Mr. POAGE. It seems to me that is the most important thing in the whole business.

Mr. HANSEN. Yes, sir.

Mr. MCINTIRE. That permits you to do what is being done by the vehicle of debentures collateralized by the security they are putting up. Here you put up similar characteristics of security without having to go through the debenture route.

Mr. SMITH. That is right, and the Government in every instance holds the mortgage. The lender, be he the original lender or if he obtains it by assignment, all he has to evidence the loan is the note with the insurance endorsement on it.

Mr. HEIMBURGER. I understood you to say, in explaining this matter of instances in which the Government might receive more than $4\frac{1}{2}$ percent, that that would occur when you were able to sell some of these notes for less than $3\frac{1}{2}$ percent interest to the banks, and I understood you to say that that additional money, if any, would go into the loan insurance fund, and yet on page 2, lines 17 to 20, it limits the amount of money which can go into that fund, as I understand it, to one-half of 1 percent. Where did I misunderstand you?

Mr. CAMPBELL. On line 17?

Mr. HEIMBURGER. On page 2, line 17.

Mr. CAMPBELL. The amount going into the insurance fund would be limited to one-half of 1 percent. The remaining difference after deposit of this one-half of 1 percent in the fund between the amount or the rate at which you sold the note, or assigned the note, and the total of 4.5 percent would be available for transfer to administrative expenses, and help to carry the burden of administering the program.

Mr. SMITH. That begins on line 20, Mr. Heimburger.

Mr. CAMPBELL. And that was the comment that the Comptroller General made that this bill would permit the total charge to bear a fair proportion of the cost of this insurance program.

Mr. HEIMBURGER. I see.

Mr. CAMPBELL. The hazard of insurance under this proposal is no greater than at present. So, the one-half of 1 percent insurance just remains constant.

Mr. HEIMBURGER. In other words, if you have a 4.5 percent note on which there is an insurance charge of one-half of 1 percent and you sold it to the bank at 3.5 percent, that would leave only one-half of 1 percent which goes into the Treasury and is earmarked for FHA administrative use?

Mr. CAMPBELL. That is correct.

Mr. HEIMBURGER. Whereas, if you can sell these notes for, say, 3.25 instead of 3.5—

Mr. SMITH. Three-fourths of 1 percent would go into the administrative fund.

Mr. HEIMBURGER. Yes. GAO point was if you were making a direct loan there would be in most instances then a 1 percent profit to go into your administrative fund; whereas, if you are doing the insurance business, it is now on about one-half of 1 percent; is that correct?

Mr. CAMPBELL. Substantially correct. Actually, the return from the direct loan goes to pay the total bill to the Treasury on our borrowed money, rather than directly into administrative expenses. You recall that our administrative expenses are provided by direct appropriation. But it has the effect you suggest, Mr. Heimburger.

Mr. POAGE. If I understand it correctly, it does not have that effect on FHA, but on the Government as a whole?

Mr. CAMPBELL. Yes, sir.

Mr. HILL. Just for the record, there is nothing in this legislation which permits the charging of interest rates in excess of existing statutes?

Mr. SMITH. That is right; it does not change the basic interest rate provision in the statute.

Mr. HILL. This point of flexibility would permit you to gain the advantage of being able to sell these at lower interest rates than just the minimum requirements that you are now under?

Mr. SMITH. That is right. We could follow the money market a little closer if this provision were enacted.

Mr. HANSEN. I believe I am correct in this—and if I am not, will you please correct me—but it would not in any way alter the position of the borrower?

Mr. SMITH. That is right.

Mr. HANSEN. It would in no way alter the position of the borrower.

Mr. McINTIRE. Mr. Hansen, could you supply for the record some data relative to the volume of these loans?

Mr. HANSEN. Yes, sir.

Mr. McINTIRE. Not that we need to have it reviewed this morning, but I think it would be helpful in the record if we had it.

Mr. HEIMBURGER. I was going to ask, Mr. Chairman, in view of the point which has been raised by the General Accounting Office, if in this data you could include what the administrative expense of FHA is in connection with these loans, and how nearly your present income from the insurance operation is financing it now; in other words, some data relevant to the point raised by GAO as to the cost of the administration and the increased income you would have for administration from direct loans.

Mr. SMITH. Yes, sir.

You understand, of course, that our county offices in the Farmers' Home Administration handle both the insured business and the direct business, and it has not been possible for the agency to separate out the exact cost involved in handling only the insured program.

Mr. HEIMBURGER. But, can you give us some relevant information in that area?

Mr. SMITH. We can give you some estimates as to the volume of insured business, the amount of recovery that the Government has obtained under the present statute, and how it relates to the overall cost.

Mr. HEIMBURGER. The total administrative cost?

Mr. SMITH. Yes, sir.

Mr. McINTIRE. I think it would be interesting for the record so that we could answer the question if it arose as to the volume of business which has been done by the Farmers' Home Administration in the various areas in which the insured loan is a part of your lending activity.

Mr. SMITH. We can certainly supply that.

Mr. McINTIRE. And the lending experience in that field and any data which would be pertinent to support the record on this legislation.

Mr. SMITH. Yes, sir.

(The information requested follows:)

The insured loans programs under title I of the Bankhead-Jones Farm Tenant Act, as amended, and under the act of August 28, 1937, as amended, have varied in volume based primarily on the availability of funds from private lenders. Except in the many instances in which local lenders have accepted these insured loans as a service to agriculture locally and to create prospective customers, the adequacy of the interest return to the lender has been the major factor affecting participation.

The following tabulation by fiscal years shows the actual dollar volume of loans since farm ownership insured loans were first made in 1948 under title I of the Bankhead-Jones Farm Tenant Act. (Soil and Water Conservation insured loans under the act of August 28, 1937, as amended, were first authorized and made in fiscal year 1955.)

<i>Fiscal year:</i>	<i>Amount</i>	<i>Fiscal year:</i>	<i>Amount</i>
1948-----	\$2, 412, 837	1954-----	\$9, 751, 541
1949-----	7, 937, 241	1955-----	46, 839, 945
1950-----	16, 586, 860	1956-----	48, 177, 560
1951-----	17, 596, 050	1957-----	33, 697, 699
1952-----	10, 493, 008	1958 through June 20,	
1953-----	10, 681, 721	1958-----	25, 340, 066

H. R. 10957 provides for making insured loans in such a way that the total current charge of 4½ percent paid by the borrower, including the current 3½ interest paid to the lender, the one-half of 1 percent insurance charge, and the one-half of 1 percent administrative expense charge, could be divided between the lender and the Government based on whatever would be acceptable as an interest return to the lender, except that the Government would be required to receive at least 1 percent. Whenever the Government is able to secure a greater portion of the total charges, additional funds will be available to offset costs incurred in making and servicing the insured loans. Evidence supporting the fact that investors can be found who will invest in insured loans at an interest return less than 3½ percent is as follows. When title I of the Bankhead-Jones Farm Tenant Act was first amended to authorize the insuring of loans, the interest return to the lender was set by statute at 2½ percent. The borrower also paid an insurance charge of one-half of 1 percent and an administrative expense charge of one-half of 1 percent. The act was successively amended to increase the interest return to the lender from 2½ to 3 percent and from 3 percent to not to exceed 4 percent. The act of August 28, 1937, as amended, authorizing insured soil and water conservation loans, does not establish specific interest rates for insured loans but does require that the borrower pay not less than 1 percent as an insurance charge. One-half of all insurance charges become a part of the farm tenant-mortgage insurance fund and the other one-half is available for administrative expenses. Approximately \$2,412,000 in loans were insured at 2½ percent interest return to the lender and approximately \$74 million were insured at 3 percent. Further evidence that lenders are currently interested in insured loans at less than 3½ percent is the fact that about \$600,000 of 2½ percent loans and \$18,500,000 of 3 percent loans have been sold to private investors from the farm tenant-mortgage insurance fund within the last 6 months. Loans sold from this source were acquired by the insurance fund generally under the secondary market provision, in which the Government agrees to purchase the loans from private lenders after a period of not less than 5 years at the option of the lender. The fact that fewer holders of 3 percent loans are exercising their option to sell the loans to the Government after the fixed period expires is further evidence that 3 percent interest on insured loans is attractive at this time.

The administrative expenses in connection with the insured loan programs are not segregated on the books of the Farmers' Home Administration from those involved in the direct loan programs. The difficulty of such segregation is illustrated by the fact that often it is not known whether an applicant will be given a direct loan or an insured loan until considerable investigation of the loan application has been made. Of course, many instances have arisen in which the eligibility of the applicant for an insured loan has been established but a direct loan was made because there were no funds currently available from private investors for insured loans. The amount of 1 percent available for insurance and administrative expenses is not nearly sufficient to cover all of the expenses of the insured loan programs. Also the return to the Government on direct loans, over and above the cost of the money to the Treasury, has not been sufficient to cover administrative and other costs for the direct loan programs. Usually the excess return to the Government under the direct loan programs would be somewhat in excess of the one-half of 1 percent insurance charge and one-half of 1 percent administrative expense charge available to the Government under the insured loan programs. However, this depends upon current conditions involving interest rates paid by the Government for its borrowings, and the interest return to lenders under the insured loan programs. It is believed that the provisions of H. R. 10957, authorizing the Government to secure a greater portion of the total charges paid by the borrower than the current 1 percent, will offer opportunities to substantially narrow whatever disparity exists between the return to the Government under direct loans compared to insured loans.

Mr. PoAGE. Is there anything further, gentlemen?

If not, we thank you very much, gentlemen, for coming down here, and we appreciate the explanation of the bill.

Mr. SMITH. Thank you for this opportunity, Mr. Chairman.

Mr. PoAGE. The subcommittee will now go into executive session.

(Whereupon, at 10:50 a. m., the subcommittee went into executive session.)

TOBACCO: VIRGINIA FIRE-CURED AND SUN-CURED,
ACREAGE ALLOTMENTS

H. R. 12840

JUNE 26, AND JULY 2, 1958

TOBACCO: VIRGINIA FIRE-CURED AND SUN-CURED, ACREAGE ALLOTMENTS

THURSDAY, JUNE 26, 1958

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TOBACCO OF THE
COMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met pursuant to notice at 10:10 a. m., in room 1310, New House Office Building, Hon. Watkins M. Abbitt (chairman of the subcommittee) presiding.

Present: Representatives Abbitt, Polk, Watts, Jennings, Dague, and Quie.

Also present: Representatives Spence and Chelf; Mabel C. Downey, clerk.

Mr. ABBITT (presiding). I ask the committee to come to order.

The purpose of the meeting is to consider H. R. 12840, which deals with the amendment of the Agricultural Adjustment Act of 1938, dealing specifically with dark-fired and sun-cured tobacco, types 21 and 37, which is grown exclusively in Virginia.

(The bill referred to, H. R. 12840, is as follows:)

[H. R. 12840, 85th Cong., 2d sess.]

A BILL To amend the Agricultural Adjustment Act of 1938

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Adjustment Act of 1938, as amended, is amended by inserting immediately after section 314 of title III thereof the following new section:

"SEC. 315. (a) The provisions of this section shall be effective, where applicable, notwithstanding any other provision of this Act. Within thirty days after the date this section is enacted into law, the Secretary shall conduct a special referendum of farmers who were engaged in the production of the crops of type 21 (Virginia) fire-cured tobacco or type 37 Virginia sun-cured tobacco which was harvested immediately prior to the referendum. The provisions of the regulations issued by the Secretary governing the holding of referendums on marketing quotas authorized under section 312 of this Act shall apply, insofar as applicable, to the holding of the special referendum provided for in this section. The purpose of such special referendum is to determine whether those persons eligible to vote therein favor the establishment, as hereinafter provided in this section, of a single combined tobacco acreage allotment for the 1958-59 and subsequent marketing years for any farm for which both a type 21 (Virginia) fire-cured tobacco acreage allotment and a type 37 Virginia sun-cured tobacco acreage allotment have been established for the 1958-59 marketing year.

"(b) If two-thirds or more of the persons voting in the special referendum provided for in this section favor the establishment for the 1958-1959 and subsequent marketing years of a single combined tobacco acreage allotment for any farm having both a type 21 (Virginia) fire-cured tobacco acreage allotment and a type 37 Virginia sun-cured tobacco acreage allotment for the 1958-

1959 marketing year, the Secretary, through local committees, shall establish for each of such farms a single combined tobacco acreage allotment for the 1958-1959 marketing year and subsequent marketing years applicable to one kind of tobacco, either type 21 (Virginia) fire-cured tobacco or type 37 Virginia sun-cured tobacco, whichever kind of tobacco the owner of such farm or his representative designates with respect to the 1958-1959 marketing year and notifies the local committee of such designation within a period of time as determined and fixed by the Secretary. In the absence of such a designation and notification by the owner or his representative of any farm for which a single combined tobacco acreage allotment shall be established as provided in this section, the Secretary shall designate such combined allotment for such farm as either a type 21 (Virginia) fire-cured tobacco acreage allotment or a type 37 Virginia sun-cured tobacco acreage allotment after taking into consideration the prevalent kind of tobacco grown in the area in which such farm is located, the curing facilities on such farm, and the proximity and nature of marketing outlets. The single combined tobacco acreage allotment determined as heretofore provided for each farm for the 1958-1959 marketing year shall be in lieu of and shall equal the total of the acreage of the type 21 (Virginia) fire-cured tobacco allotment and the acreage of the type 37 Virginia sun-cured tobacco allotment for the 1958-1959 marketing year established for such farm. No contract entered into under the acreage reserve program for the 1958 crop of type 21 (Virginia) fire-cured tobacco or of type 37 Virginia sun-cured tobacco shall be affected by the establishment of a single combined tobacco acreage allotment for a farm as provided in this section. If the establishment of farm acreage allotments as provided in this section are approved in the special referendum as heretofore provided in this section, and thereafter two or more farms, of which one or more has a type 21 (Virginia) fire-cured tobacco allotment and another or more has a type 37 Virginia sun-cured tobacco allotment, are combined and operated as a single farm, a single combined tobacco acreage allotment designated for either type 21 (Virginia) fire-cured tobacco or type 37 Virginia sun-cured tobacco as heretofore provided, shall be established for the combined farm in lieu of and shall equal the total acreage of the allotments for type 21 (Virginia) fire-cured tobacco and type 37 Virginia sun-cured tobacco established for the farms comprising the combined farm for the marketing year for which such single combined tobacco acreage allotment is established. For marketing years subsequent to the marketing year for which a single combined tobacco acreage allotment is first established for a farm as provided in this section, the history of past marketing or of past harvested acreage from such farm of both type 21 (Virginia) fire-cured tobacco and type 37 Virginia sun-cured tobacco shall constitute the past marketing of tobacco or the past harvested acreage of tobacco of such farm in determining a single combined tobacco acreage allotment therefor.

“(c) Notwithstanding the national marketing quotas for the marketing year beginning October 1, 1958, announced by the Secretary for each of the two kinds of tobacco described as type 21 (Virginia) fire-cured tobacco and type 37 Virginia sun-cured tobacco, each of the State acreage allotments for such kinds of tobacco apportioned by the Secretary to the State of Virginia for the marketing year beginning October 1, 1958, shall be increased or decreased respectively by the amount of acreage equivalent to the corresponding net total change in farm acreage allotments for each of such kinds of tobacco for such marketing year which result from the establishment of single combined tobacco farm acreage allotments as provided in this section. In determining and announcing the amount of the national marketing quotas for type 21 (Virginia) fire-cured tobacco, and type 37 Virginia sun-cured tobacco in terms of the total quantity of each of such kinds of tobacco which may be marketed during the marketing year beginning October 1, 1959, and during each of the four succeeding marketing years thereafter, the Secretary shall increase or decrease such national marketing quotas determined as provided in section 312 (b) and the Virginia State acreage allotments for type 21 (Virginia) fire-cured tobacco and type 37 Virginia sun-cured tobacco to reflect correspondingly the changes which previously have occurred in the total acreage allotted for each of such kinds of tobacco pursuant to this section. Notwithstanding any marketing quota determined and announced for type 21 (Virginia) fire-cured tobacco and type 37 Virginia sun-cured tobacco for the marketing year beginning October 1, 1959, and for each marketing year thereafter, each of the State acreage allotments for such kinds of tobacco apportioned to the State of Virginia for any

such marketing year shall be increased or decreased respectively by the amount of acreage equivalent to the corresponding net total change in farm acreage allotments for each of such kinds of tobacco for such marketing year which results from the combination of farms and the establishment of single combined tobacco farm acreage allotments as provided in this section. The sum of the State acreage allotments for type 21 (Virginia) fire-cured tobacco and type 37 Virginia sun-cured tobacco determined for any marketing year as provided in section 313 shall not be increased or decreased by reason of any increase or decrease in the State acreage allotment for each of such kinds of tobacco previously provided for in this paragraph to reflect net changes occurring in acreage allotted."

Mr. ABBITT. We have a report here from the Department on the bill, H. R. 12840, dated June 13, 1958, addressed to Chairman Cooley and signed by True D. Morse, Acting Secretary. Without objection we will include it in the record at this point.

(The document referred to is as follows:)

DEPARTMENT OF AGRICULTURE,
Washington, D. C., June 13, 1958.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in reply to your request of June 10, 1958, for a report on H. R. 12840, a bill to amend the Agricultural Adjustment Act of 1938.

This Department recommends that the bill be passed.

The bill amends the Agricultural Adjustment Act of 1938, as amended, so as to eliminate problems involved in the administration of the marketing-quota and price-support programs on a small number of farms in Virginia, which have both Virginia fire-cured and Virginia sun-cured tobacco allotments. During the period 1946-49, inclusive, when quotas were in effect on fire-cured and not in effect on sun-cured, production of sun-cured expanded into the fire-cured area. In the fire-cured area, the influence of environmental and cultural practices is such that the two kinds of tobacco cannot be distinguished one from the other either in the production stage or at the time of marketing. As a practical matter, on the farms having both kinds of allotment, only one kind of tobacco is produced. The bill provides that, subject to approval of growers in a special referendum, the allotments on these dual-allotment farms will be reclassified to whichever the farm owner elects as the kind he plans to produce. The bill only affects Virginia, since these two kinds of tobacco are grown exclusively in Virginia, and does not increase or decrease the total acreage allotted within the State for the two kinds of tobacco. It therefore does not adversely affect any other area. The net effect of the bill is one of properly describing the allotments.

Enactment of the bill would not increase the risk of losses under the price-support program and would not increase the administrative costs of operating the quota program since the cost of holding the special referendum and reclassifying the allotments would be offset by savings resulting from the reduction in the number of allotments to be serviced.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

Mr. ABBITT. We also have a number of persons here from the Department of Agriculture.

Particularly, we are pleased to have Mr. Clarence Miller, who is Associate Administrator of the Commodity Stabilization Service. Mr. Miller, we would be pleased to hear from you and your associates. Would you, for the record, introduce your associates at this time so that the record will show who is here from your Department?

You always, I might say, Mr. Miller, have been very cooperative with this subcommittee, as well as the full committee, and we appre-

ciate your interest on behalf of the tobacco program, the tobacco growers, and the tobacco subcommittee. Thank you for being here, and if you and your people will come up now, we will be glad to hear from you.

STATEMENT OF CLARENCE L. MILLER, ASSOCIATE ADMINISTRATOR, COMMODITY STABILIZATION SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY JEFF D. JOHNSON, DEPUTY DIRECTOR, TOBACCO DIVISION, COMMODITY STABILIZATION SERVICE; R. B. BRIDGFORTH, ASSISTANT TO THE DEPUTY ADMINISTRATOR FOR PRODUCTION ADJUSTMENT, COMMODITY STABILIZATION SERVICE; FRANK R. ELLIS, CHIEF, COMMODITY PROGRAMS BRANCH, TOBACCO DIVISION, COMMODITY STABILIZATION SERVICE; JOSEPH J. TODD, CHIEF, PRODUCTION PROGRAM BRANCH, TOBACCO DIVISION, COMMODITY STABILIZATION SERVICE; AND B. G. ANDREWS, CHIEF, PROGRAM ANALYSIS BRANCH, TOBACCO DIVISION, COMMODITY STABILIZATION SERVICE

Mr. MILLER. We appreciate this opportunity of appearing before the committee. We, too, have always enjoyed the pleasant relationships that we have had with the committee in dealing with our tobacco problems.

This particular bill deals with a knotty problem that we have encountered in our operations for a number of years. We feel that in the course of the testimony we will bring out the reasoning back of our report and impress upon the committee the necessity for the adoption of this legislation in order that we might cope with the particular situation that exists as between dark-fired and sun-cured tobacco in the State of Virginia.

Mr. Jeff Johnson is the Deputy Director of the Tobacco Division of CSS, and will be the chief witness this morning. And we have with us also Mr. Dick Bridgforth, the assistant to the Deputy Administrator for Production Adjustment.

Incidentally, as you know, Mr. Chairman, Mr. Bridgforth is from, nearby at least, the area affected and probably knows as much about the particular problem as any man we have in the Department.

We have also with us this morning Frank Ellis, in charge of our Price Support Branch in the Tobacco Division; and we have Joe Todd, in charge of marketing quotas; and B. G. Andrews, in charge of our statistical data and our economist in the Tobacco Division of CSS.

So with your permission, we will have Mr. Johnson proceed and read his statement.

Mr. ABBITT. That will be fine. We are particularly pleased to have your associates with us, and in particular, Mr. Bridgforth who is, as you say, not only from Virginia, but practically from the area affected. He knows the program as well as anyone in our State. He is doing a real job for our people, and I am particularly glad to have him with us.

We will be glad to hear from Mr. Johnson at this time.

Mr. JOHNSON. Thank you, Mr. Chairman.

I am Jeff D. Johnson, Jr., Deputy Director of the Tobacco Division, Commodity Stabilization Service, United States Department of Agriculture. I appreciate very much the opportunity to appear before this committee in connection with H. R. 12840, a bill to amend the Agricultural Adjustment Act of 1938 with respect to marketing quotas and acreage allotments for Virginia fire-cured and Virginia sun-cured tobacco.

The Department recommends that this bill be passed. This legislation is needed to correct a local, but nonetheless serious, administrative problem.

To outline the reasons for the existence of this problem, we must go back to the 1946-49 period when marketing quotas were not in effect for Virginia sun-cured tobacco, but were in effect for Virginia fire-cured tobacco. During this period, many farms which historically had produced only fire-cured tobacco began to produce Virginia sun-cured. While the areas in which these two kinds of tobacco are produced are, to some extent contiguous, the expansion of sun-cured production took place in the fire-cured area where, due to climatic and soil conditions, as well as cultural practices, the tobacco, even when produced from true sun-cured seed, takes on the characteristics of fire-cured tobacco. Thus, the expansion of the production of sun-cured tobacco in the fire-cured area is tending to defeat the purposes of the quota program.

Tobacco people in Virginia recognized this problem and initiated inclusion of a provision in the Agricultural Act of 1948, which was carried forward into the act of 1949, requiring the proclamation of marketing quotas for Virginia sun-cured tobacco whenever quotas were proclaimed for fire-cured tobacco. Accordingly, quotas were proclaimed for Virginia sun-cured tobacco for the 1950 crop and approved by the growers. At that time, sun-cured tobacco allotments were, of course, established for those farms in the fire-cured area which had built up a production history. In the years since 1950, operators of farms with both fire-cured and sun-cured allotments have tended more and more to grow both allotments from the same seed varieties, with the same cultural and curing practices. This means that, as a practical matter, the differentiation between the two kinds of tobacco at time of measurement on the farm and at the time of marketing is essentially an arbitrary one since the tobaccos are not distinguishable. Actually, on most of these farms, tobacco now produced on the 2 allotments is, in fact, 1 kind, not 2 kinds, as the allotment records and marketing cards indicate. The tobacco produced on these sun-cured allotments in the fire-cured area is practically all marketed at the regular fire-cured markets, and a substantial part of it moves into regular fire-cured usage channels.

In order to promote effective administration of the quota and price-support programs in the Virginia fire-cured and sun-cured producing areas, discussions have been held with representatives of grower organizations, auction warehousemen, and with dealers and exporters concerned with these kinds of tobacco with the view of finding a solution to the problems. On March 13, 1958, a meeting was held in Richmond, Va., at which time it was generally agreed that legislation was necessary to satisfactorily deal with the situation. Following this meeting, a committee was formed to further study the problem

and to develop recommendations as to the legislation needed. H. R. 12840 recently introduced by Congressman Abbitt is the result of these meetings and discussions and reflects the views and recommendations of the affected individuals and groups concerned with the production and marketing of these two kinds of tobacco.

The bill, H. R. 12840, provides for three things. First, the holding of a referendum of all sun-cured and fire-cured growers to determine whether they favor correcting the problem by the method provided in the bill. Second, if two-thirds of the growers voting, favor the proposal, then the owners of those farms which have both kinds of allotments will have the 2 allotments combined into 1, with the grower having the right to elect which of the 2 kinds he plans to produce in the years ahead. The bill makes provision for the county committee, with the approval of the State committee, to make this determination when the grower fails to make such election. The third part of the bill provides for increasing and decreasing the respective amounts of the fire-cured and sun-cured national quotas and State acreage allotments to the extent necessary to offset the net change in the total of the acreage allotments for the two kinds resulting from this reclassification of allotments. It is specifically provided in the bill that the sum total of the acreage allotted for the two kinds of tobacco will not be increased or decreased by reason of this reclassification.

The proposed legislation will eliminate the problems involved in administering the tobacco program under the circumstances heretofore described. The bill does not result in placing Virginia tobacco growers in an advantageous position as compared to growers of fire-cured and dark air-cured tobacco in other producing areas. It does not, in fact, affect the relationship of the various producing areas since it will not, in our opinion, result in any more or any less Virginia fire-cured or Virginia sun-cured tobacco being produced than would be the case if the legislation were not enacted. The net effect of the bill is to properly describe the allotments and the tobacco produced on such allotments.

MR. ABBITT. Thank you very much, Mr. Johnson, for your statement.

As I understand it, this bill affects only type 21 and type 37 tobacco?

MR. JOHNSON. Yes, sir; that is right.

MR. ABBITT. Which is grown exclusively in Virginia?

MR. JOHNSON. Yes, sir; that is correct.

MR. ABBITT. And I further understand that it will not result in any more acreage being produced in Virginia?

MR. JOHNSON. That is right, sir. Of the combined, of the two types.

MR. ABBITT. Whatever change from sun-cured, and no more than that, will go into 21, and whatever change from 21, and no more, will go into sun-cured?

MR. JOHNSON. That is correct.

MR. ABBITT. With the result being there will be no more total tobacco acreage than we already have?

MR. JOHNSON. That is right, sir.

MR. ABBITT. As I understand from you, there is a problem in administering the program because of the fact in the true type 21 area, type 37 tobacco, sun-cured, is more or less grown along the same manner and goes into the same stock, does it not?

Mr. JOHNSON. Yes, sir; that is correct. Over the years, when it is grown under the same cultural practices, why it takes on the characteristics of fire-cured tobacco, and it is very difficult to distinguish between them.

Mr. ABBITT. Any questions?

Mr. JENNINGS. You say that the bill provides that the grower will have the right to elect which of the two kinds that he plans to produce in the years ahead?

Mr. JOHNSON. Yes, sir.

Mr. JENNINGS. Then is he wed to that decision that he makes, or can he change next year?

Mr. JOHNSON. No, sir; he would be wed to that decision.

Mr. JENNINGS. Then you state further that the bill provides for increasing and decreasing the respective amounts of the fire-cured and sun-cured national quotas and State acreage allotments to the extent necessary to offset it. Suppose a grower decides he will take his allotment in fire-cured tobacco, he has been growing, supposedly, 50 percent of each, and next year you find it necessary to cut fire-cured tobacco, but you do not find it necessary to cut sun-cured tobacco, will that farmer be penalized as a result of his decision?

Mr. JOHNSON. May I refer that question to Mr. Frank Ellis?

Mr. JENNINGS. What about it, Frank?

Mr. ELLIS. Congressman, that individual grower would have less allotment if that happened. However, to the extent that that has been happening, by reason of it not being properly classified, the Virginia fire-cured growers generally have been taking a cut as a result of the mislabeling of the tobacco. So that it is equitable that those who produce the tobacco—because the fact is sun-cured has been going into fire-cured stocks.

Mr. JENNINGS. Then, am I to understand you to say that—the fact that he selects fire-cured tobacco as his allotment—he would stand more of a chance of being cut next year than he would if he selected sun-cured?

Mr. ELLIS. No, sir; I would not say that because that will depend on how the overall total goes, the amount that goes each way. And, naturally, that is a pure guess because it is the grower's election.

Mr. JENNINGS. Anyway, he stands a possibility, as a result of this, of being caught in a squeeze and making a wrong choice?

Mr. ELLIS. Either way.

Mr. JENNINGS. As long as you are giving him an opportunity to vote on it, and they understand that, I have no objection to it. But it presents just a little threat, doesn't it?

Mr. ELLIS. It presents, in our opinion, much less threat to the growers of Virginia, fire-cured and sun-cured, than the present situation.

Mr. JENNINGS. I have no further questions.

Mr. ABBITT. Mr. Quie?

Mr. QUIE. No questions.

Mr. ABBITT. Mr. Watts?

Mr. WATTS. Well, the possibilities are, if he did not make any selection at all, and the law remains like it is, that both of them could be cut next year?

Mr. ELLIS. Yes, sir.

Mr. WATTS. Do you know of any opposition to this legislation?

Mr. ELLIS. We know of none.

Mr. JOHNSON. No, sir; I know of none personally.

Mr. WATTS. It would take off the Department a tremendous administrative burden, would it not?

Mr. JOHNSON. Yes, sir; it sure would.

Mr. WATTS. And since each farmer is going to be allowed to make his own selection to suit himself——

Mr. JOHNSON. Yes, sir.

Mr. WATTS. Certainly you are making it a voluntary choice as far as he is concerned?

Mr. JOHNSON. Yes, sir; that is correct.

Mr. WATTS. As a matter of fact, would not most farmers rather raise one kind of tobacco than to try to raise two kinds?

Mr. JOHNSON. I would think so, sir. I am not too familiar with this area. I do grow tobacco myself, and I prefer, myself, to raise one, and I think it will be better in the long run for the Virginia farmers to grow one type for the entire quota program.

Mr. WATTS. So the farmer will choose that type of tobacco that is probably prevalent in the area in which he is located?

Mr. JOHNSON. Yes, sir; I think that is true.

Mr. WATTS. I have no further questions.

Mr. ABBITT. Mr. Johnson, do you mean the Department favors this bill, and there is no opposition to it?

Mr. JOHNSON. I beg your pardon, sir?

Mr. ABBITT. Do you mean to say the Department favors this bill and there is no opposition to it?

Mr. JOHNSON. That is my understanding, sir.

Mr. ABBITT. Off the record.

(Discussion off the record.)

Mr. ABBITT. Back on the record.

As I understand it, regardless of who the growers of type 21 and type 37 are, they all have a vote, but no one has an option except those who have allotments for both types?

Mr. JOHNSON. That is correct, sir.

Mr. ABBITT. Well, we certainly thank you for being here and appreciate your testimony.

I assume that is all?

Mr. MILLER. That is all we have, thank you, sir.

Mr. ABBITT. Now we have Mr. T. B. Hall, from Buckingham, who is manager of the Virginia Dark-Fired Tobacco Association.

In addition to that he heads the Sun-Cured Association.

Tom, we will be glad to have heard from you.

I might say Tom Hall is from my district, and while I have not known him all his life, I have known him all my life, and he is one of the outstanding tobacco farmers in my area.

Mr. HALL. Mr. Chairman, I thank you.

Mr. ABBITT. All the people up there are deeply interested in all the farm programs, particularly the tobacco farm program.

STATEMENT OF T. B. HALL, MANAGER, VIRGINIA DARK-FIRED
TOBACCO ASSOCIATION

Mr. HALL. Mr. Chairman, I did not prepare any written statement this morning, but I am Thomas Hall, manager of the Virginia Dark-Fired Association, and also manager of Sun-Cured Cooperative. We have had a good many meetings in Virginia since our committee was formed, as Mr. Johnson told you, and we have studied this situation. I have had meetings of both my boards and studied the situation, and they have each endorsed this bill.

Now it is rather refreshing to come up here this morning and find us all agreed on one thing. It is the first time, in experience of 25 years, that that has happened, and I am particularly happy to be here this morning because of that.

We propose to support this bill if it is passed and support the measures that are in it. And as long as it gives a farmer his sole choice in this matter, I can see no objection whatever to the passage of this bill, and we would recommend its passage.

I believe, Mr. Chairman, unless there are some questions, that is about all the statement that I have to make.

Mr. ABBITT. We appreciate very much your being here.

Now the Virginia Dark-Fired Tobacco Association represents a majority of the producers of type-21 tobacco, doesn't it?

Mr. HALL. Yes, sir.

Mr. ABBITT. And your Sun-Cured Association represents practically all of the sun-cured—

Mr. HALL. Represents all of it except what is sold on dark-fired market, other than our houses.

Mr. ABBITT. And actually most of the tobacco raised in the true dark-fired area, type-21 area, even though it is raised as sun cured, is sold there in the dark-fired market, is it not?

Mr. HALL. Yes.

Mr. ABBITT. And I expect a good part of it goes into the stocks—

Mr. HALL. I think that is very definitely true.

Mr. ABBITT. And might go in a little cheaper because the support price is a little less for sun cured than it is for dark fired?

Mr. HALL. I think another significant thing in this is we find the Farmers Union and the Farm Bureau both agreed on this matter.

Mr. ABBITT. Off the record.

(Discussion off the record.)

Mr. ABBITT. Back on the record.

Any questions?

We certainly do thank you.

Mr. HALL. Thank you very much, gentlemen.

Mr. ABBITT. I think the record should show that also with Mr. Hall is his son, T. B. Hall, Jr., who is also with the two associations. Tom, we are glad to have you here. Did you want to be heard?

Mr. HALL. No, sir.

Mr. ABBITT. Now we have Mr. John Vance with us, who is president of the Virginia Farmers Union, and who has been connected with the farm program for many years. He also is from my district, from the county of Amelia, which grows, not only dark-fired tobacco, but sun-cured tobacco.

We are glad to have you, John, you are doing a good job for the farmers of Virginia. We appreciate your being here at this time.

STATEMENT OF JOHN B. VANCE, PRESIDENT, VIRGINIA FARMERS UNION

Mr. VANCE. Thank you very much, Mr. Congressman.

I regret that time does not permit my office preparing sufficient copies of my statement for distribution to members of the committee, but with your permission I would like to stick pretty close to the text here in presenting our position on his bill.

Mr. Chairman and members of the committee, for the record, I am John B. Vance, president of the Virginia Farmers Union, the State's fastest growing farm organization. I am also a producer of both type-21 Virginia dark-fired tobacco, and type-37 Virginia sun-cured tobacco, on my farms in Amelia County. My appearance before the committee today is on behalf of the some 17,000 farm people, who are voting members of the Virginia Farmers Union. May I point out, Mr. Chairman, that every major dark-fired tobacco county in Virginia is serviced by a local Farmers Union organization and it is conservatively estimated that more than 60 percent of the dark-fired tobacco produced in the State, is produced by farmers who are members of our organization.

The Virginia Farmers Union supports the objectives and principles contained in H. R. 12840. It is our considered opinion that it is a good bill and one which should be enacted into law.

During the past several years considerable difficulty has been experienced in the administration of the Virginia dark-fired and Virginia sun-cured tobacco programs. These difficulties have arisen primarily because of the great similarity and like characteristics of the two types of tobacco involved, and also due to the overlapping of the areas of production. The two types of tobacco are so much alike that even the Government graders are unable to distinguish between the types on the warehouse floor. This has resulted in an almost impossible administrative problem, so far as the tobacco marketing quota and allotment program is concerned, particularly where allotments for both types of tobacco are established on the same farm.

The farmer is charged by law with the responsibility of maintaining separate identity of the two types of tobacco from the time it is set in the field until it is sold on the warehouse floor. This is certainly a very difficult thing to do—it can be done, I know from experience—especially in view of the marked similarity of the two types, as I have just explained.

A major portion of the Virginia sun-cured tobacco produced in what I would term the legitimate fire-cured area of the State is marketed on the fire-cured tobacco auction markets, located at Lynchburg, Farmville, and Blackstone. There is no one that I know of who denies the fact that this tobacco (sun-cured) sold on the dark-fired markets, is definitely finding its way into the fire-cured tobacco channels of trade and into fire-cured stock, which as the committee knows, Mr. Chairman, is a very important factor that is taken into consideration in establishing the future year's allotment.

The bill has 2 or 3 primary features, all of which we believe to be in the best interest of the producers and the industry as well.

I would like to mention just three of these features :

1. Provides that the Secretary of Agriculture shall conduct a special referendum of the producers of both types, 37 and 21 tobaccos, to determine if they favor the establishment of a single combined allotment for any farm now having both type allotments.

2. If the referendum carries by a two-thirds majority vote, then the owner or representative of the owner—of any farm having both type allotments would have free choice as to whether he wishes to convert his Virginia sun-cured allotment to Virginia fire-cured or his Virginia fire-cured allotment to Virginia sun-cured.

3. No reduction would be made in 1959 allotments for either type of tobacco due to conditions affecting supply brought about as a result of the shift in allotments.

Mr. Chairman, we believe this bill approaches the problem as it should be done. First nothing is done, no changes are made whatever unless the producers approve in the special referendum. Then if the producers do approve, it is left up to each individual farmer to decide for himself which type of allotment he wants. Nothing could be more democratic, nor fair to all concerned.

Farmers Union takes great pride in the fact that it traditionally represents grassroot thinking of working farmers. This doesn't just happen. We in Farmers Union go direct to our members when matters of primary importance arise so we may know that the organization is representing its members.

Following this policy, a meeting was held at Farmville, Va., several weeks ago for the purpose of discussing this bill, Mr. Chairman, with our leaders and members from the dark-fired tobacco area. Every major dark-fired tobacco county was represented. After devoting some 2 hours or more to a very thorough analysis and discussion of the provisions of the bill, the group gave it their unanimous support.

In closing, I would like to commend you, Mr. Chairman, and certainly the members of this committee for the outstanding service you are rendering the tobacco growers of this country. And I would like to say that we indeed appreciate the opportunity you have afforded us to present our views with respect to H. R. 12840.

Mr. ABBITT. Thank you very much, Mr. Vance.

Do I understand you to say you are in accord with the sentiments of the Department of Agriculture in this matter?

Mr. VANCE. Off the record, Mr. Chairman, I think the day of miracles has not passed yet, and that is the fact.

Mr. ABBITT. Any questions?

Thank you so much, Mr. Vance, for coming up here.

I think it would be appropriate for me to read a telegram that I have just received from Mr. Roy E. Davis, Jr., president of the Virginia Farm Bureau.

I might add, Mr. Davis also lives in the tobacco area, although not in the dark-fired area. He does live in the tobacco area of Virginia.

The telegram is as follows :

On behalf of the membership of the Virginia Farm Bureau, we urge Congress to approve H. R. 12840. Enactment of provisions of this bill would enable dark-fired and sun-cured tobacco producers in Virginia to remedy a troublesome problem. The provisions of H. R. 12840 meets with our approval and we urge its passage.

I ask unanimous consent that it be filed in the record.

Mr. ABBITT. Now we also are most fortunate in having with us Dr. Arthur Y. Lloyd, who is a fine person. I have known Dr. Lloyd since he has been in Washington, and there are a number of nice things I could say about him, but I feel it would be fitting and right if Congressman Watts would introduce him, and I yield, as much as I regret doing so to Mr. Watts.

Mr. WATTS. I appreciate the opportunity you afford me Congressman Abbitt, of introducing my distinguished constituent, who is a large tobacco grower himself and who represents the various tobacco organizations.

I think you represent all the flue-cured, do you not, Dr. Lloyd?

Mr. LLOYD. Yes, sir.

Mr. WATTS. We are delighted to have you with us this morning, and we know that what you might tell us about this bill will be good, concrete thinking on the part of the tobacco industry.

Mr. ABBITT. Dr. Lloyd, we are pleased to have you, and I concur with what Congressman Watts says about your fine work.

**STATEMENT OF ARTHUR Y. LLOYD, EXECUTIVE SECRETARY OF
THE BURLEY & DARK LEAF TOBACCO EXPORT ASSOCIATION,
INC.**

Mr. LLOYD. Thank you, Mr. Chairman. I appreciate Mr. Watts' fine recommendation, and we are extremely fond of Congressman Watts in our district in Kentucky. I live in the next county to him. I think it is most fortunate that the people in the district showed the judgment to return him without opposition this time.

Mr. ABBITT. I commend them for doing so, and I know the people in other tobacco areas feel the same way.

Mr. LLOYD. Mr. Chairman and members of the subcommittee, for the record, my name is Arthur Y. Lloyd. I am executive secretary of the Burley & Dark Leaf Tobacco Export Association, Inc. This is a federated trade association composed of 11 member organizations which include within their membership more than one-half a million tobacco growers, dealers, warehousemen, and exporters.

The primary purpose of our association is to stimulate, develop, promote and expand the domestic and foreign market for the burley type, the Maryland type, and all dark air-cured and dark fire-cured types of tobacco produced in the United States.

I appreciate the consideration of Chairman Abbitt and the members of this Subcommittee on Tobacco, in providing our association with this opportunity to appear before you in connection with H. R. 12840. This bill, if enacted, will amend the Agricultural Adjustment Act of 1938, as amended, with respect to marketing quotas and acreage allotments for Virginia sun-cured and Virginia fire-cured types of tobacco. This proposed legislation directly affects only a relatively small geographical area in Virginia and only two types of dark tobacco. However, these two types are substitutable for and competitive with the dark fire-cured and dark air-cured tobaccos grown in western Kentucky and western Tennessee. Therefore, we have three associations composed of growers of the latter types of tobacco that would normally be affected by legislation of the type proposed. These associa-

tions are: the Eastern Dark Fire Tobacco Growers Association, Springfield, Tenn.; the Stemming District Tobacco Association, Henderson, Ky.; and the Western Dark Fired Tobacco Growers Association, Murray, Ky. In conjunction with elected officials of these associations we have carefully studied and analyzed the possible effects of H. R. 12840. In appearing before your subcommittee today, I am specifically representing the viewpoint of these three associations on the proposed legislation.

Mr. Chairman, there follows in my prepared statement a historical background of why this administrative problem developed and the need for remedial legislation. This also includes a brief résumé and analysis of the proposed legislation.

Now having heard the testimony that has been presented here this morning, and particularly in view of the fact that the Deputy Director of the Tobacco Division, the Honorable Jefferson Davis Johnson, has very concisely and ably presented the analysis of this bill, I would suggest the possibility of having the analysis in my prepared statement included in the record, without oral presentation, in order to conserve the time of your subcommittee.

Mr. ABBITT. Thank you, Dr. Lloyd. Without objection, your statement will be carried in the record exactly as you have it, and then you can proceed after that, as you like.

(The portion of the statement referred to is as follows:)

This bill is designed to correct a rather serious regulatory problem that has developed in the administration of the tobacco program. In a relatively small area in Virginia, the problem began to develop when marketing quotas were not in effect for Virginia sun-cured tobacco but were in effect for Virginia fire-cured tobacco. Producers in the Virginia fire-cured area began to grow Virginia sun-cured tobacco over and above their allotments for Virginia fire-cured tobacco, which they could do in the period from 1946-49. Due to soil and climatic conditions in this geographical area which has traditionally produced fire-cured tobacco, as well as cultural practices and the utilization of existing curing barns, the sun-cured type of tobacco actually grown became almost indistinguishable from the fire-cured tobacco produced on the same farm. Currently many of the producers in this area have 2 allotments—1 for Virginia sun-cured and another for Virginia fire-cured tobacco. The two types grown in this area, when marketed, are not distinguishable, are sold in the regular fire-cured markets, are used by the trade as fire-cured tobacco and are competitive with other types of dark fire-cured tobacco. It is therefore apparent that the division of the two tobacco allotments on farms on this area is largely theoretical and artificial. This condition creates a situation fraught with increasing difficulties of administration. It is our opinion that the United States Department of Agriculture cannot correct this problem of administration without additional legislation. H. R. 12840 is, in effect, the remedial legislation necessary to enable the Department of Agriculture to correct this problem of administration in order to protect the tobacco program as a whole.

H. R. 12840 provides the remedial legislation in three steps. First, it requires a special referendum of producers of types 21 and 37 to see if they favor the establishment of a single, combined tobacco-acreage allotment on their respective farms. If two-thirds of the growers voting favor this proposal then the owners of those farms having allotments of Virginia sun-cured and Virginia dark fire-cured tobaccos can elect which kind they prefer to produce in the future. Failure to take advantage of this choice enables the county committee, with the approval of the State committee, to make this determination for the grower. Following these two steps the third part of the bill merely provides for the increasing and decreasing of the respective Virginia fire-cured and Virginia sun-cured quotas and State-acreage allotments to the extent necessary to offset the net change in the total of the acreage allotments for these kinds of tobacco resulting from the reclassification of allotments required by this legislation. This proposed bill definitely states that the sum total of the

acreage allotted for these two kinds of tobacco will not be increased or decreased by reason of the reclassification provided in the bill.

Mr. LLOYD. I can conclude then with one brief point of emphasis.

Our association has consistently supported measures aimed at improving efficiency in the administration of the tobacco program as a whole. It is our considered judgment and opinion that the passage of H. R. 12840 will be in the best interests of the tobacco program. We cannot see where it will adversely affect any segment of the tobacco industry.

Legislation which will benefit and improve the administration of the tobacco program as a whole without being harmful or discriminatory to any specific type of tobacco should have your support. The Burley and Dark Leaf Tobacco Export Association therefore recommends that this Subcommittee on Tobacco report H. R. 12840 favorably and respectfully requests your support and vote for its passage.

Again, I want to thank the chairman and the members of this subcommittee for your time and consideration.

Mr. ABBITT. Dr. Lloyd, I appreciate so much your comments.

As a matter of fact, do you know of any opposition to the bill in any segment of the tobacco industry?

Mr. LLOYD. No, sir; I do not.

Mr. ABBITT. Any questions?

We certainly thank you for coming.

Mr. LLOYD. Thank you, sir.

Mr. ABBITT. That completes the list of witnesses. However, before going any further, I would think the record ought to show, Frank, the allotment for type 21 and the allotment for type 37 so the members will have some idea of the size of the crop we are dealing with.

Do you have the 1958 allotment for the two types?

Mr. TODD. On fire-cured tobacco in Virginia——

Mr. ABBITT. Type 21.

Mr. TODD. We have allotments on 7,353 farms, and the acreage allotted is 7,876. On sun-cured tobacco we have 4,090 farms and the total acreage allotted is 5,392.

Mr. ABBITT. Thank you very much. I just thought the record should show the total allotment.

Can you give us an estimate of how many farms have both type 21 and type 37 allotments?

Mr. BRIDGFORTH. 1,817 have both types of allotment.

Mr. ABBITT. 1,187?

Mr. BRIDGFORTH. No, sir, 1,817 that have both types of allotment.

Mr. ABBITT. So, relatively speaking, it is a minor segment of the farms involved.

Thank you, I just wanted that for the record.

Now is there anyone else here who desired to be heard, or is there anything you would like to say to the bill?

(No response.)

We thank all of you gentlemen for coming, and if it is agreeable with the committee, we will conclude our hearing and go into executive session.

(Without objection by the chairman the following letter is inserted in the record:)

EASTERN DARK FIRED TOBACCO GROWERS ASSOCIATION, INC.,
Springfield, Tenn., June 23, 1958.

Hon. ROSS BASS,
House Office Building, Washington, D. C.

DEAR ROSS: Pursuant to our telephone conversation, this is to reiterate my stand on H. R. 12840 introduced by Congressman Abbitt on June 9.

I have discussed this bill with Mr. Pepper and we are in agreement that the administration of the bill as now written will not be hurtful to our types of tobacco.

In a telephone conversation with Dr. Lloyd, I have asked him to appear at the hearing to testify in our behalf in favor of this bill. We would have preferred that no further legislation be introduced relative to tobacco, but the Tobacco Division felt that this legislation was needful in the administration of the tobacco program in Virginia. This is our reason for favoring the bill.

We appreciate very much your interest in matters relating to tobacco and wish to assure you that the tobacco growers themselves are aware of your interest and helpfulness.

Very truly yours,

R. A. HAMMACK, *General Manager.*

(Whereupon, at 10:45 a. m., the hearing was adjourned and the committee went into executive session.)

MISCELLANEOUS BILLS

ANTI-HOG-CHOLERA SERUM AND VIRUS SUPPLY

H. R. 11415 (S. 3478), July 2, 1958

FORESTRY—RECEIPTS FOR GENERAL GOVERNMENT USE

H. R. 12704, July 2, 1958

HALL OF FAME FOR AGRICULTURE

H. Con. Res. 295, July 3, 1958

LAND—CONVEYANCE TO CLIFTON, N. J.

H. R. 11800, July 2-3, 1958

CONVEYANCE TO DAYTON, WYO.

H. R. 6542, July 2, 1958

SALE IN NORTH CAROLINA

H. R. 12494, July 2, 1958

REAL PROPERTY CONVEYANCE TO SUMTER COUNTY, FLA.

H. R. 10614, July 17 and 23, 1958

REFORESTATION IN HAWAII

H. R. 8481, July 17, 1958

RESEARCH ON FOOT-AND-MOUTH DISEASE (ANIMAL)

H. R. 9904 (S. 3076), July 2, 1958

SEED-LABELING REQUIREMENT

H. R. 10902 (S. 1939), July 3, 1958

WATER LABORATORIES

H. R. 11411, July 2, 1958

MISCELLANEOUS BILLS

WEDNESDAY, JULY 2, 1958

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D. C.

The committee convened pursuant to call at 10:10 p. m., in room 1310, New House Office Building, Hon. Harold D. Cooley, chairman, presiding.

H. R. 12840

The CHAIRMAN. The committee will be in order.

The Chair recognizes Mr. Abbitt on H. R. 12840.

The Department approves the bill.

(H. R. 12840 and report appear on pp. 97 and 99.)

Mr. ABBITT. That is right. I introduced the bill. It deals with an administrative situation affecting dark fire-cured, the dark-fired No. 21 has but 7,000.

For years there has been a quota on dark fired and no quota on sun cured. As a result some of the people in the dark-fired area started raising sun-cured tobacco. It is very hard for the Department to deal with the program and they wish to provide a referendum to decide which type they prefer. Each grower will be permitted to decide whether he wants to raise No. 21 or type 37.

It is merely a bill to relieve the Department of certain administrative difficulties. The Department has a favorable report.

The CHAIRMAN. I have a letter dated June 13, 1958, from the Department in which the Department recommends that the bill be passed.

Mr. ABBITT. The Department testified and the Farm Bureau testified, all the segments of the industry testified to that effect.

I move that the bill be reported out.

Mr. HILL. I don't have that bill here.

Mrs. DOWNEY (clerk). I gave that bill to Mr. Murray late yesterday afternoon and he said that he handed it to you. It may not be in your book.

The CHAIRMAN. All in favor of reporting H. R. 12840 favorably will say "aye," all opposed "no." The vote was unanimously in favor of reporting the bill and H. R. 12840 was ordered reported.

H. R. 12494

The CHAIRMAN. We have next a bill, H. R. 12494.

Mr. HEIMBERGER. That is your bill 12494, Mr. Chairman.

The CHAIRMAN. Mr. Davenport, come around, please.

This is the bill you are interested in, H. R. 12494.

Mr. DAVENPORT. Yes.

The CHAIRMAN. This is Mr. John E. Davenport from my hometown of Nashville, N. C. This bill has been submitted to the Department for report.

Do you have someone here from the Department?

Mr. DAVENPORT. Yes, sir.

(H. R. 12494 is as follows:)

[H. R. 12494, 85th Cong., 2d sess.]

A BILL To authorize the Secretary of Agriculture in selling or agreeing to the sale of lands to the State of North Carolina to permit the State to sell or exchange such lands for private purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of subsection (c) of section 32, title III, of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. 1011 (c)), the Secretary of Agriculture, in selling or agreeing to sell to the State of North Carolina the lands comprising the North Carolina land utilization project, NC-LU-21, is authorized to include in the conveyance or agreement of sale a provision permitting the State, after consummation of the sale, to sell to, or exchange for lands of, private parties for private purposes such of the project lands as may be mutually agreed upon by the Secretary and the State: *Provided*, That all proceeds received by the State from the sale of such lands shall be used by the State for the acquisition of lands within the exterior boundaries of the project and such lands and any lands acquired by the State by exchange of the project lands shall become a part of the aforesaid project established on the lands conveyed to the State and shall be subject to the conditions with respect to the use of such lands for public purposes: *Provided further*, That all proceeds from the sale of the project lands shall be maintained by the State in a separate fund and a record of all transactions involving such fund shall be open to inspection by the Secretary.

The CHAIRMAN. Mr. Davenport, we shall be glad to hear you now and have you explain how important this bill is and then we can hear from the Department witnesses later.

STATEMENT OF JOHN E. DAVENPORT, NASHVILLE, N. C.

Mr. DAVENPORT. Mr. Chairman and members of the committee, it is a pleasure to be present to discuss H. R. 12494 which was introduced by Mr. Cooley on May 13, 1958. I feel very much at home coming back to the committee for which I worked during the summer of 1950. It is good to renew my acquaintance with those members whom I met while here and those of you whom I have met on occasions when you visited in Nashville, N. C., and to have the opportunity of meeting those members I do not know.

The General Assembly of North Carolina in its 1957 session passed an act creating the North Carolina Department of Administration. This department was given the job of reviewing proposed purchases of sales of real estate.

One of the first matters presented to us after our organization was the proposed purchase of the Caswell County land utilization area which is known as NC-LU-21. This purchase has been in the process of negotiation for a considerable period of time.

The State of North Carolina has decided that the Wildlife Resources Commission of North Carolina shall be the agency to which primary responsibility will be assigned for purchase and management of the area. This agency has an agreement with North Carolina State College and the Department of Conservation and Development for cooperation in use of the area.

When we entered into the negotiation with the Department of Agriculture, looking to the purchase of this land, we found that there were several items which the department of administration felt would be essential to the proper utilization and management of the area to be purchased. All of the matters which were in dispute have been agreed, but one.

The Caswell project area contains 11 separate tracts of land which are scattered over an area of approximately 10 square miles. It is apparent from the attached map that it would be impossible to consolidate all of the 11 holdings by purchasing outstanding land interests which lie between the tracts.

However, we do feel that through trades and through sale of outlying areas with the receipts from such sales being reinvested in interior holdings, it is possible that some of the bigger areas can be consolidated into one contiguous tract.

In view of this, the department of administration and the Wildlife Resources Commission requested that the regional forester in Atlanta include in the agreement of sale a clause providing for such exchanges and sales.

Early in 1958 Mr. Phillips H. Bryan, acting regional forester advised us that our plans for consolidation of holdings would not be possible under current Federal legislation. Therefore, at a regular meeting the Wildlife Resources Commission requested that the department of administration and certain representatives of the commission enter into negotiations with the Department of Agriculture looking to a legal means to accomplish these ends.

At a conference in Washington on March 24, 1958, the representatives of the State of North Carolina discussed this matter in full with Mr. John Heimburger, legal counsel to your committee. Mr. Heimburger referred us to H. R. 4280, passed during the 1st session of the 84th Congress.

This act was a special bill which permitted Clemson College to sell and exchange lands within a Bankhead-Jones project, which lands have been, therefore, purchased by them. The funds from sales under H. R. 4280 could be used for the development or improvement of lands within the project.

It was the unanimous feeling of those persons attending these conferences that the State of North Carolina would not desire to use the funds from the sale of land within the project for the purpose of improving land retained, but that the State would desire to hold the funds in trust "for the acquisition of lands within the exterior boundaries of the project and that lands so purchased shall become a part" of the project proper and be subject to the conditions for the use of the land so purchased for public purposes.

We were in agreement that the State should maintain these funds in a separate account and that all records should be opened to the inspection of the Secretary of Agriculture. This matter was later discussed with the full Wildlife Resources Commission and with the Governor of North Carolina and it was determined that the State would request the introduction of the proposed legislation which is now H. R. 12494. All of our indications from the Department of Agriculture have been that the proposed legislation will receive a favorable report from the Department.

It is the desire of all of the persons representing the State of North Carolina to see that the interest of the Federal Government and the State of North Carolina are served.

The Wildlife Resources Commission believes that it will be able to more effectively control the wildlife program on a consolidated area, and that management of a nonconsolidated area would prove expensive.

It appears to us to make good business sense to have an area with which we can deal more flexibly. The proposed legislation will permit wider use of discretion in the consolidation of the project. We do not have any immediate plans for sales or exchanges, but we desire to have the mechanism ready whereby we can move without a long delay when in the judgment of the State of North Carolina such action is needed. Any action on our part would require the full approval of the Secretary of Agriculture.

I thank you for your consideration, and shall be glad to answer any questions.

The CHAIRMAN. If I understand, Mr. Davenport, the situation is that you want to sell a part of the land to private individuals and to use the funds derived from that sale to purchase other lands within the area likewise owned by private individuals?

Mr. DAVENPORT. Yes, sir.

The CHAIRMAN. Will you point that out on the map, give us a general idea?

Mr. DAVENPORT. This is the tract. As you see, this will be approximately 11 different holdings, small and large.

There is one main holding right here. There are a number of interior holdings within the main tract.

We do not have any immediate plans, but we hope to be able to sell some of these exterior holdings and consolidate the tract into one usable wildlife management area.

The CHAIRMAN. All this bill does is to authorize the Secretary to sell or agree to sell to the State of North Carolina the lands comprising the North Carolina land utilization project, and to include in the conveyance or agreement of sale a provision, that becomes part of the sale, permission to sell, or exchange for land of private parties for private purposes such of the Department land as may be agreed upon by the Secretary and the State?

Mr. DAVENPORT. That is right.

The CHAIRMAN. The Secretary of Agriculture has to agree to everything that is done?

Mr. DAVENPORT. That is right.

The CHAIRMAN. You have to have power to do it?

Mr. DAVENPORT. Yes, sir. There is no minority on the books at the present time.

The CHAIRMAN. On the bill that I introduced on May 13, 1958, I have requested a report from the Department and we will not ask to report the bill out this morning. A representative of the Department is here.

Will you identify yourself, please.

Mr. FLORENCE. Yes, sir. My name is Mr. Reynolds Florence.

The CHAIRMAN. Will you testify this morning and give the information to the committee.

Mr. FLORENCE. The views have not yet been developed for this bill.
The CHAIRMAN. Will you expedite that for us and report to the committee?

Mr. FLORENCE. Yes.

The CHAIRMAN. Are there any further questions at this time?

We thank you very much, Mr. Davenport.

Mr. DAVENPORT. Thank you.

H. R. 9904 (S. 3076)

The CHAIRMAN. The next bill is H. R. 9904. I think that is a companion bill, is it not, Mr. Heimburger?

Mr. HEIMBURGER. That is correct, Mr. Chairman a bill has already passed the Senate and is, also, before this committee.

(H. R. 9904 and S. 3076 are as follows:)

[H. R. 9904, 85th Cong., 2d sess.]

A BILL To amend section 12 of the Act of May 29, 1884, relating to research on foot-and-mouth disease and other animal diseases

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 12 of the Act of May 29, 1884, as amended (62 Stat. 198, as amended; 21 U. S. C. 113a), is hereby further amended by inserting after the word "tunnel" in the proviso in the first sentence of the section the following clause: "and except that the Secretary of Agriculture may transport said virus in the original package across the mainland under adequate safeguards,".

[S. 3076, 85th Cong., 2d sess.]

A BILL To amend section 12 of the Act of May 29, 1884, relating to research on foot-and-mouth disease and other animal diseases

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 12 of the act of May 29, 1884, as amended (62 Stat. 198, as amended; 21 U. S. C. 113a), is hereby further amended by inserting after the word "tunnel" in the proviso in the first sentence of the section the following clause: "and except that the Secretary of Agriculture may transport said virus in the original package across the mainland under adequate safeguards".

[S. Rept. No. 1589, 85th Cong., 2d sess.]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 3076) to amend section 12 of the act of May 29, 1884, relating to research in foot-and-mouth disease and other animal diseases, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill, which was requested by the Department of Agriculture, would permit transportation of foot-and-mouth disease virus to and from the Plum Island laboratory across the mainland under adequate safeguards. At present the virus must often be transported by a circuitous route and removed from the boat before docking in New York Harbor.

By eliminating the expensive and unnecessary procedures now required, the bill would result in reduced Federal expenditure.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington, D. C., September 4, 1957.

THE PRESIDENT OF THE SENATE,
United States Senate.

DEAR MR. PRESIDENT: Submitted herewith for the consideration of the Congress is a proposed bill to amend section 12 of the act of May 29, 1884, relating to research on foot-and-mouth disease and other animal diseases.

The proposed legislation would amend the provisions of the 1946 act authorizing the establishment of the Plum Island laboratory by making it possible to carry or ship foot-and-mouth disease virus under adequate safeguards of packaging and handling across the mainland of the United States either to or from the laboratory.

The 1946 act prohibits the introduction of virus into any part of the mainland of the United States except in the event of an outbreak of the disease in this country. The legislative history of the act indicates that the intention was to prevent the use of foot-and-mouth disease virus on the mainland for any part of the research program for which the island laboratory was authorized.

Because of this provision of the act, it has been necessary in bringing in samples of field and laboratory strains of foot-and-mouth disease virus from foreign countries to make special arrangements for the material to be removed from the transporting vessel before it enters the harbor of New York and take the material directly by Government vessel to Plum Island. This has been done through cooperation of the Navy. It is necessary that samples of virus be brought to the laboratory from time to time to permit a full program of research. In addition, if there should be an outbreak of foot-and-mouth disease in either Canada or Mexico, it would be vital to the interests of this country to transport samples of the virus material from such country across the United States to Plum Island without any delay. Both Canada and Mexico rely on a measure of cooperation from this country in the event of such an outbreak and it is essential from our standpoint that such an outbreak be immediately diagnosed and promptly eradicated.

Methods of packaging the small containers of virus in such a manner that the package would not leak or be broken open even under crash conditions, are available and would be used without exception. In addition, such samples would at all times be in the hands of a Department employee.

A similar letter is being sent to the Speaker of the House of Representatives.

The Bureau of the Budget advises that there is no objection to the transmission of this proposed legislation to the Congress for its consideration.

Sincerely yours,

MARVIN L. McLAIN,
Assistant Secretary.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman) :

ACT OF MAY 29, 1884 (21 U. S. C. 113A)

SEC. 12. The Secretary of Agriculture is authorized to establish research laboratories, including the acquisition of necessary land, buildings, or facilities, and also the making of research contracts under the authority contained in section 10 (a) of the Bankhead-Jones Act of 1935, as amended by the Research and Marketing Act of 1946, for research and study, in the United States or elsewhere, of foot-and-mouth disease and other animal diseases which in the opinion of the Secretary constitute a threat to the livestock industry of the United States : *Provided*, That no live virus of foot-and-mouth disease may be introduced for any purpose into any part of the mainland of the United States except coastal islands separated therefrom by waters navigable for deep-water navigation and which shall not be connected with the mainland by any tunnel, *and except that the Secretary of Agriculture may transport said virus in the original package across the mainland under adequate safeguards*, and except further, that in the event of outbreak of foot-and-mouth disease in this country, the Secretary of Agriculture may, at his discretion, permit said virus to be brought into the United States under adequate safeguards. To carry out the provisions of this section, the Secretary is authorized to employ technical experts or scientists without regard to the Classification Act of 1949, as amended: *Provided*, That the number so employed shall not exceed five and that the maximum compensation for each shall not exceed \$15,000 per annum. There is authorized to be appropriated such sums as Congress may deem necessary ; in addition, the Secretary is authorized to utilize in carrying out this section, funds otherwise available for the control or eradication of such diseases.

The CHAIRMAN. In the Senate it is S. 3076.

The Department has recommended that bill favorably.

Mr. HEIMBURGER. As a matter of fact, the bill came up, I believe, by executive communication, Mr. Chairman.

The CHAIRMAN. That is right.

Did we get the report on the Senate bill?

Mr. HEIMBURGER. Yes.

Mr. POAGE. That is on the mainland?

Mr. HEIMBURGER. Yes.

Mr. POAGE. It has to be transported. If we are going to have any confidence at all in the Department setting up standards, and we have to set up standards, we have to accept it, because when we have experimentation out there on the islands separated from the land, and not connected by railroads or airplanes or anything else out there, you have to have some way of getting onto the mainland. It is practically an impossibility to handle it without that.

Mr. HEIMBURGER. Mr. Poage, the terms of the amendment limit the transportation to the Secretary of Agriculture.

Mr. POAGE. I know it does.

Mr. HEIMBURGER. The Department has to do it itself.

Mr. POAGE. I know it does. And in letting subjects in from foreign countries to cross the mainland, to this place, they may do so as long as they carry it themselves and carry it in the original package—it permits that.

I move to report Senate bill S. 3076.

The CHAIRMAN. All in favor of reporting S. 3076 let it be known by saying "aye"; all opposed "no." S. 3076 was approved and ordered reported.

H. R. 11415 (S. 3478)

The CHAIRMAN. Next is H. R. 11415. Mr. Sikes, will you come around, sir?

(H. R. 11415 is as follows:)

[H. R. 11415, 85th Cong., 2d sess.]

A BILL To insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 58 (b) of the Act of August 24, 1935 (7 U. S. C. 853 (b)) is amended to read as follows:

"(b) Terms and conditions requiring each manufacturer to have in inventory in his own possession on April 1 of each year a reserve supply of completed serum equivalent to not less than 40 per centum of his previous year's sales of all serum, except that any marketing agreement may provide that upon written application by a manufacturer filed before September 1 of the preceding year, the Secretary may fix another date between January 1 and May 1 on which such manufacturer shall have such inventory if the Secretary finds that such action will tend to effectuate the purposes of this Act. The Secretary may impose such terms and conditions upon granting any such application as he finds necessary to effectuate the purposes of this Act. Serum used in computing the required reserve supply of any manufacturer shall not again be used in computing the required reserve supply of any other manufacturer."

DEPARTMENT OF AGRICULTURE,
Washington, D. C., May 5, 1958.

HON. HAROLD D. COOLEY,

Chairman, Committee on Agriculture, House of Representatives.

DEAR CONGRESSMAN COOLEY: This is in reply to your request of March 15, for a report on H. R. 11415, a bill to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.

The Department of Agriculture favors the enactment of H. R. 11415.

The bill would amend existing law that directs the Secretary to enter into marketing agreements to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus. The bill would change May 1 to April 1 of each year as the date manufacturers must have on hand an inventory equal to 40 percent of their previous year's sales. In addition, the bill would authorize the Secretary, upon written application by the manufacturer prior to September 1 of the preceding year, to establish other than April 1, a date between January 1 and May 1, if the Secretary finds such action tends to effectuate the purposes of the existing law.

The date of April 1 is equally as appropriate as May 1 for requiring the manufacturers of anti-hog-cholera serum and hog-cholera virus to have on hand the 40-percent minimum inventory based upon their previous year's sales. For some manufacturers, particularly those whose business is primarily in the South, there are indications that their inventories should be on hand earlier because their peak requirements occur earlier than April 1, and that if they supply their demand and meet the reserve requirement on the required date, they allegedly are penalized by carrying stocks until the next marketing season. For others, May 1 may be a preferable date. This would allow such manufacturers an additional month to manufacture sufficient serum for their reserve.

The stipulation requiring an application by September 1 of the preceding calendar year to the Secretary for an alternate date will have the effect of causing such manufacturers to plan production schedules in advance instead of relying on chance and the fluctuations of the livestock market in obtaining suitable production animals. The proposed legislation would modify the language employed in the reserve provision by substituting for "have available" the more explicit term "have in inventory in his own possession." The latter term reflects the Department's long-established interpretation and application of "have available" and we therefore do not consider this change in terminology to be a substantive change. The words "have available" are perhaps more susceptible to misinterpretation by manufacturers than the proposed new phraseology.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

E. T. BENSON.

[S. 3478, 85th Cong., 2d sess.]

AN ACT To insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 58 (b) of the Act of August 24, 1935 (7 U. S. C. 853 (b)), is amended to read as follows:

"(b) Terms and conditions requiring each manufacturer to have in inventory in his own possession on April 1 of each year a reserve supply of completed serum equivalent to not less than 40 per centum of his previous year's sales of all serum, except that any marketing agreement may provide that upon written application by a manufacturer filed before September 1 of the preceding year, the Secretary may fix another date between January 1 and May 1 on which such manufacturer shall have such inventory if the Secretary finds that such action will tend to effectuate the purposes of this Act. The Secretary may impose such terms and conditions upon granting any such application as he finds necessary to effectuate the purposes of this Act. Serum used in computing the required reserve supply of any manufacturer shall not again be used in computing the required reserve supply of any other manufacturer."

Passed the Senate May 21, 1958.

Attest:

FELTON M. JOHNSTON,
Secretary.

[S. Rept. No. 1578, 85th Cong., 2d sess.]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 3478) to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill would substitute April 1 (or, for any particular manufacturer, any other date between January 1 and May 1 fixed by the Secretary upon application of the manufacturer) for May 1 as the date on which the prescribed minimum inventory of serum is to be on hand under anti-hog-serum marketing agreements. The need for the change results from the fact that for some manufacturers, particularly those in the South, the heavy demand for serum begins in March. The bill is further explained in the report from the Department of Agriculture which favors its enactment.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington, D. C., May 5, 1958.

HON. ALLEN J. ELLENDER,
*Chairman, Committee on Agriculture and Forestry,
United States Senate.*

DEAR SENATOR ELLENDER: This is in reply to your request of March 17 for a report on S. 3478, a bill to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.

The Department of Agriculture favors the enactment of S. 3478.

The bill would amend existing law that directs the Secretary to enter into marketing agreements to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus. The bill would change May 1 to April 1 of each year as the date manufacturers must have on hand an inventory equal to 40 percent of their previous year's sales. In addition, the bill would authorize the Secretary upon written application by a manufacturer prior to September 1 of the preceding year, to establish other than April 1, a date between January 1 and May 1, if the Secretary finds such action tends to effectuate the purposes of the existing law.

The date of April 1 is equally as appropriate as May 1 for requiring the manufacturers of anti-hog-cholera serum and hog-cholera virus to have on hand the 40 percent minimum inventory based upon their previous year's sales. For some manufacturers, particularly those whose business is primarily in the South, there are indications that their inventories should be on hand earlier because their peak requirements occur earlier than April 1, and that if they supply their demand and meet the reserve requirement on the required date, they allegedly are penalized by carrying stock until the next marketing season. For others, May 1 may be a preferable date. This would allow such manufacturers an additional month to manufacture sufficient serum for their reserve.

The stipulation requiring an application by September 1 of the preceding calendar year to the Secretary for an alternate date will have the effect of causing such manufacturers to plan production schedules in advance instead of relying on chance and the fluctuations of the livestock market in obtaining suitable production animals. The proposed legislation would modify the language employed in the reserve provision by substituting for "have available" the more explicit term "have in inventory in his own possession." The latter term reflects the Department's long-established interpretation and application of "have available" and we therefore do not consider this change in terminology to be a substantive change. The words "have available" are perhaps more susceptible to misinterpretation by manufacturers than the proposed new phraseology.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

E. T. BENSON, *Secretary.*

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new

matter is printed in *italic*, existing law in which no change is proposed is shown in *roman*) :

ACT OF AUGUST 24, 1935 (7 U. S. C. 853)

"SEC. 58. Marketing agreements entered into pursuant to section 57 of this Act shall contain such one or more of the following terms and conditions and no others as the Secretary finds, upon the basis of the hearing provided for in section 57, will tend to effectuate the policy declared in section 56 of this Act:

"(a) One or more of the terms and conditions specified in subsection (7) of section 8c of the Agricultural Adjustment Act, as amended.

"(b) Terms and conditions requiring each manufacturer to have **[available]** *in inventory in his own possession* on **[May 1]** *April 1* of each year a reserve supply of completed serum equivalent to not less than 40 per centum of his previous year's sales of all serum, *except that any marketing agreement may provide that upon written application by a manufacturer filed before September 1 of the preceding year, the Secretary may fix another date between January 1 and May 1 on which such manufacturer shall have such inventory if the Secretary finds that such action will tend to effectuate the purposes of this Act. The Secretary may impose such terms and conditions upon granting any such application as he finds necessary to effectuate the purposes of this Act. Serum used in computing the required reserve supply of any manufacturer shall not again be used in computing the required reserve supply of any other manufacturer."*

STATEMENT OF HON. ROBERT SIKES, A REPRESENTATIVE IN CONGRESS OF THE THIRD CONGRESSIONAL DISTRICT OF THE STATE OF FLORIDA

Mr. SIKES. Thank you Mr. Chairman.

Mr. MATTHEWS. May I express my profound appreciation for the privilege of having my distinguished colleague from Florida here this morning?

Mr. SIKES. Thank you, Mr. Matthews.

The CHAIRMAN. We are delighted to have you, Mr. Sikes. You may tell us about the bill.

Mr. SIKES. I am appearing in support of H. R. 11415 which is identical with S. 3476, introduced by Senator Symington, and which has been passed by the Senate. These bills have a favorable report from the Department of Agriculture, they are supported by the industry which is affected.

Mr. Chairman, in 1935, in an effort to have an adequate supply of hog-cholera serum on hand with which to cope with outbreaks of hog cholera, Congress enacted a law requiring serum producers to have on hand as of May 1 each year an inventory of completed serum equal to 40 percent of their previous year's sales. Since 1935 there have been shifts in hog production, it is no longer concentrated within a period of a few months, it is more constant throughout the year and a higher percentage of hog production has moved into the South. These changing production patterns have brought a change in the demand for hog-cholera serum. As a result, the industry sales data show that the heaviest requirements for hog-cholera serum now begin in March and extend through June. Therefore, serum producers have to produce serum actually to their needs in order to have 40 percent of their annual inventory on hand on May 1. The industry has suffered as a result of this requirement. They have consulted with the Department of Agriculture, and it has been jointly agreed that the existing law could properly be amended in order to have

the 40-percent inventory moved back to April 1 of each year, and in addition to that change it is proposed to authorize the Secretary of Agriculture upon written application by a producer, to establish a mutually satisfactory date between January 1 and May 1 for the manufacturer to meet with the 40-percent reserve requirement if the Secretary finds that is a proper arrangement.

Mr. POAGE. All this bill actually does is to change the date from May 1 to April 1?

Mr. SIKES. Essentially that is right.

Mr. POAGE. Then it gives the Secretary and the manufacturer the right to make an agreement that if he is in an area where April 1 does not represent his maximum demands but probably February 1 does, that with the Secretary's permission he can establish a different date on which he must have this amount on hand. It does not reduce for any producer in the United States the requirements that he must have on hand at some time during the year——

Mr. SIKES. That is right.

Mr. POAGE. Adequate supplies to meet any possible outbreak?

Mr. SIKES. The 40-percent requirement.

Mr. POAGE. The 40-percent requirement was put in when we thought all over the United States that the 1st of May was the time of year when we were most likely to need these maximum requirements.

Mr. SIKES. That is correct.

Mr. POAGE. I am sure our friends from the hog areas will agree—we now think that it probably ought to be just a little earlier.

Mr. SIKES. That is the situation.

Mr. POAGE. We think it ought to be the 1st of April for everybody—certainly, in many of the Southern States it should be earlier than that.

Mr. SIKES. Yes.

Mr. POAGE. If the Secretary decides it should be the 1st day of February or 1st of March, in Florida or in Alabama, the Secretary can enter into an agreement with the manufacturer. He does not have to do it with anyone unless he wants to?

Mr. SIKES. That is correct. The gentleman has stated the situation exactly.

Mr. HOEVEN. Mr. Sikes, this is a bill which provides for better planning for the manufacturing of the supply?

Mr. SIKES. Definitely so.

The CHAIRMAN. We have a favorable report from the Department, and the Senate bill has already been passed.

Mr. SIKES. That is correct.

The CHAIRMAN. Do you wish to report the Senate bill rather than yours?

Mr. SIKES. I would recommend that.

Mr. HILL. Let me ask a question. This says "anti-hog-cholera serum and hog-cholera virus." Do you have hogs down in Florida?

Mr. SIKES. We not only have hogs, but they get diseases like cholera which undoubtedly come from other States.

Mr. HILL. I suppose they get some of the diseases from some of the hog States farther North?

Mr. SIKES. We get a lot of strange things that come into Florida, but most of them bring money and we like that.

Mr. HILL. Regarding your relations to the Republican Party, I favor that.

The CHAIRMAN. Mr. Simpson?

Mr. SIMPSON. I would like to ask a question. One of these hog-cholera serum plants is located in my county in Illinois. I understand the hog serum must be kept under refrigeration at all times?

Mr. SIKES. That is right.

Mr. SIMPSON. Down in the South where do they get it?

Mr. SIKES. Serum is now manufactured in the South, but some of it, of course, is shipped in from other States.

Mr. SIMPSON. I am serious. Every hog-serum plant that I know of located in the Midwest is located there.

Mr. POAGE. Oh, no; there is one in Dallas.

Mr. SIKES. There are a number of others. They are found all over the country.

Mr. HILL. Do not leave me out. We have a large one in Denver. I have no doubt that you get considerable serum from the Franklin Serum Co.?

Mr. SIKES. That is right. This is a nationwide industry. There are producers scattered throughout the Nation. The serum must be kept under refrigerated conditions, as stated by the gentleman from Illinois. That is no major problem.

Mr. SIMPSON. They are in Iowa and Illinois and Nebraska and Missouri. And I know the serum must be kept under refrigeration. I know that it is a hardship on the manufacturer to be compelled to keep a high inventory of 40 percent. This was all brought about by agreement when the serum plants were cutting each other's throats and cut the prices. Actually it is a situation whereby they cannot fall below 35. I would like to know where the Serum Producers Association stands on this.

Mr. SIKES. The Serum Producers Association is supporting this bill. They are all supporting it, and at their meeting in Washington earlier in the year they went on record for it unanimously. I have heard no objection to it whatever.

The companion bill was introduced by a Midwestern Senator, Senator Symington. And as you well pointed out this requirement for 40 percent reserve coming as late as it does, after the peak utilization for the year, means that the manufacturer has to build up his reserve stocks during his maximum sales. That means excess stocks of serum which must be kept under refrigeration until the next selling season.

Mr. SIMPSON. For the sake of information on my part I cannot see what difference it makes what date is necessary for this serum to be on hand, for the simple reason that the South has two litters of pigs a year. Pigs go to market every 6 months and they have to be vaccinated.

Mr. SIKES. You are better acquainted with the problem of hog production than I am. You are from a State which has a great volume of hog production. Nevertheless, the records show that the greatest demand for anti-hog-cholera serum is during the early part of the year, extending from February until June. The industry and the Department have agreed that it will work a lesser hardship if they can have the 40 percent reserve requirement effective earlier in the year. As it is, their peak selling season is at the time the reserve requirement is

highest. Consequently they have to build up a new supply in order to meet the 40 percent reserve requirement and carry that supply over to the next heavy sales season.

MR. SIMPSON. They have to keep it under refrigeration. They have to breed the hog and get a certain amount of blood, and that is a long-drawn-out process.

Several years ago, this serum association recognized by the Bureau of Animal Husbandry appeared before the House Agriculture Committee in opposition to bringing out the rabbit virus serum.

Does this bill in any way affect the supply of hog vaccine or inoculation?

MR. SIKES. This applies only to anti-hog-cholera serum and hog-cholera virus. I know of no connection it would have with any other.

MR. SIMPSON. This seems funny to me. I haven't heard from any one of these hog serum plants in Illinois.

THE CHAIRMAN. Let us put it aside if it is controversial. We have a letter from the Department favoring the bill and the Senate has already passed it.

MR. SIMPSON. I want to find out from the serum group if they are in agreement with the Department of Animal Husbandry as to this.

THE CHAIRMAN. It says right here in the bill, the bill changes the date.

MR. HILL. It says further down, the date of April 1 is equally as appropriate as May 1 for requiring manufacturers of anti-hog-cholera serum and hog-cholera virus to have on hand 40 percent. So, evidently, the manufacturers would not be hurt.

MR. SIMPSON. I want to call up this friend of mine, C. S. Greene, at Whitehall, Ill., and ask him. Then I will be ready to vote. I will go out right now.

THE CHAIRMAN. We do not want to hold up the session until you return.

MR. SIMPSON. I will go outside and call him up right now.

THE CHAIRMAN. Mr. Sikes, we thank you very much. We will report the bill out for you as soon as Mr. Simpson gets back.

MR. SIKES. Thank you very much.

H. R. 6542

THE CHAIRMAN. Mr. Thomson has a bill, and we have a letter from the Department dated May 1, 1958, recommending that the bill be enacted.

Are there any questions you want to ask the author of the bill, the distinguished gentleman?

(H. R. 6542 and the report are as follows:)

[H. R. 6542, 85th Cong., 1st sess.]

A BILL To authorize the Secretary of Agriculture to convey certain lands in the State of Wyoming to the town of Dayton, Wyoming

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture is authorized and directed to convey quit claim deed, without consideration, to the town of Dayton, Wyoming, all the right, title, and interest of the United States in and to the following described lands located in said town of Dayton, Wyoming: Beginning at the northwest corner of block 9 of the original town of Dayton, Wyoming; thence northerly along the east line of said Main Street 60 feet; thence easterly

paralleling the north line of said block 9 a distance of 210 feet to the east limits of the original town of Dayton, Wyoming; thence southerly along the east line of the original town of Dayton, Wyoming, 60 feet to the northeast corner of the said block 9; thence westerly along the north line of said block 9 210 feet to the point of beginning.

DEPARTMENT OF AGRICULTURE,
Washington, D. C., May 1, 1958.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in reply to your letter of March 27, 1958, requesting a report on H. R. 6542, a bill to authorize the Secretary of Agriculture to convey certain lands in the State of Wyoming to the town of Dayton, Wyo.

This Department recommends that the bill be enacted.

H. R. 6542 would direct the Secretary of Agriculture to convey by quitclaim deed, without consideration, to the town of Dayton, Wyo., all the right, title, and interest of the United States in and to a 60- by 210-foot parcel of land within the town limits.

The land described in the bill was donated by its former owners for use as a ranger district headquarters site in connection with the administration of the Bighorn National Forest, Wyo. Originally, it was part of Second Avenue next to its dead end at the eastern boundary in the town of Dayton. In 1941 the town vacated this 60- by 210-foot portion of the dead end street, leaving an unvacated strip of 20 feet along the northern side of the street. Upon such abandonment for street purposes the ownership of the vacated portion of the street reverted and was quitclaimed by the town to the abutting landowners. The street area was vacated with the understanding that the reverted title would be donated to the United States by the owners. The abutting landowners then conveyed the vacated area by warranty deed to the United States, without consideration.

Plans for the establishment of the ranger district headquarters on the Dayton site were abandoned upon the advent of World War II. The Department has no present or foreseeable need for the site. The ranger district headquarters are now located at Sheridan, Wyo.

The town of Dayton desires the described land for street purposes. It plans to extend Second Avenue eastward from Main Street.

It is our understanding that one of the abutting owners has no objection to having the title to the area conveyed back to the town and that the other donor could not be located by the town officials.

Enactment of the bill would not result in any cost to the United States. Inasmuch as the area was acquired by the United States by donation, there would be no objection to having the title conveyed back to the town for street purposes, without consideration.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

E. T. BENSON, *Secretary.*

Mr. HOEVEN. We might ask for a short explanation.

STATEMENT OF HON. KEITH THOMPSON, CONGRESSMAN AT LARGE, FROM THE STATE OF WYOMING

Mr. THOMPSON. I thank you for the opportunity of making a statement before you. This bill involves a strip of land that is 60 feet by 210 feet. This was a part of Second Avenue in the county of Dayton, which is a very small town west of Sheridan, just before you go up into the Big Horn Mountains.

The Forest Service decided upon this for use as a ranger station. The town of Thompson vacated the street. Under the State law and land reverted to the owners of the adjoining or abutting property.

The abutting owners transferred to the Federal Government without consideration this tract of land. The war intervened, the ranger station was never constructed. The Forest Service has no requirement or does not care to go ahead with its construction.

There is no further requirement for the land. It is needed, if it is not going to be used for that purpose, for a street.

At the present time the people are required to go around 2 or 3 blocks in order to get where they wish to go rather than in a direct fashion.

The abutting landowners have made the direct conveyance. One of them has been contacted, and is in favor of this. The other could not be located.

The present owners of the two blocks involved are in favor of the bill.

This gives us a graphic idea I think of what is involved.

Mr. POAGE. The Federal Government had a real need for it and now it does not.

Mr. THOMPSON. I believe that has been the policy the Congress set up that there was conveyance without consideration.

Mr. POAGE. I move the report of the bill.

The CHAIRMAN. All in favor of reporting the bill say "aye."

All opposed "no."

The "ayes" have it, the bill is ordered reported.

H. R. 12704

The CHAIRMAN. Mr. Horan, do you have a bill?

Mr. HORAN. H. R. 12704.

(H. R. 12704 is as follows:)

[H. R. 12704, 85th Cong., 2d sess.]

A BILL To amend the provisions of law codified as section 500, title 16, United States Code

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the provisions of law codified as section 500, title 16, United States Code, are amended by inserting the words "and general government" after the words "public schools and public roads".

STATEMENT OF HON. WALT HORAN, A REPRESENTATIVE IN CONGRESS OF THE FIFTH CONGRESSIONAL DISTRICT OF WASHINGTON

Mr. HORAN. This is a bill that has been reported out by this committee before, and it was objected to on the Consent Calendar 2 years ago.

I might say that this bill affects small counties that derive most of their income not from the tax base money but from forest receipts.

These are small counties.

The CHAIRMAN. Excuse me just a minute. What number is it?

Mr. HELMBURGER. H. R. 12704.

The CHAIRMAN. It is 12704, a very short bill.

Mr. HORAN. All this does, Mr. Chairman, is to give the county commissioners the permission to use forest receipts money for other purposes than roads and schools.

It allows them to use it for general governmental purposes, for law and order, and other purposes.

I have four counties in my district that are hard put to it now to keep their county off the warrant base. And if they are given permission to use their own judgment they can keep their county government on a level keel, for general government purposes, for law and order, and that sort of thing.

These are small populated counties. They have no trouble keeping up their roads. Most of them have good schools. They have a small school population, and they want to use this money—they want the permission to use the money for other purposes than roads and schools.

The CHAIRMAN. Do we have an official report from the Department?

Mrs. DOWNEY (clerk). If so it is in your book.

Mr. HELMBURGER. Mr. Chairman, I think we do not have a report on this bill. We did have a favorable report from the Department on the bill which the gentleman introduced in the 84th Congress and which this committee reported.

Mr. HORAN. It is my understanding that the Department has no objection to it.

The CHAIRMAN. We reported an identical bill to this?

Mr. HORAN. Similar to this.

Mr. HELMBURGER. Similar, but not identical, but it would accomplish the same purpose. At that time the Department suggested the inclusion of "other lands," and Mr. Horan's bill of this Congress, the one now being considered, does not include the "other lands."

I think Mr. Horan, it was the inclusion of the "other lands" that entailed the objection which arose on the floor.

Mr. HORAN. I think that is right.

(Discussion off the record.)

The CHAIRMAN. You inserted the words "and general government" after the words "public schools and public roads." Why did you insert that?

Mr. HORAN. Because under the law now I believe the law was passed or finally formulated in 1908, which specifically stated that forest receipts money could only be spent for public roads and schools.

The CHAIRMAN. What other purposes do you provide?

Mr. HORAN. Law and order, for the auditor's office, any part of the general government of the county other than roads and schools.

I might say that I introduced this bill at the request of the State County Commissioners Association of the State of Washington, and, also, the National Association of County Commissioners. They want this leeway, this permission to use their receipts. This is the only money they have, many of them. I have one county that has a tax base of less than—

The CHAIRMAN. Actually it is in lieu of the taxes.

Mr. HORAN. The 25 percent of the stumpage sales.

The CHAIRMAN. Is that in lieu of taxes? They do not pay any taxes on land.

Mr. HORAN. Yes. It is forest receipts that go back to the counties, but they are restricted now in spending that money to roads and schools.

Mr. MATTHEWS. Would you yield? As I understand it all this law would do would be to give a little bit more leeway to the various county governments in planning expenditure of this money?

Mr. HORAN. Probably, to the best governing body you have, because they are right there with their voters every day.

Mr. MATTHEWS. Now then it would not deny a county this money for public schools if they wanted to use it for that?

Mr. HORAN. They could spend all of those receipts for schools.

Mr. MATTHEWS. It would not deny a county the money to spend for public roads, if they wanted it?

Mr. HORAN. That is right.

Mr. MATTHEWS. It would merely liberalize the usage that they might put it to?

Mr. HORAN. It is purely permissive. It gives to the county commissioners the right to spend their money as they need to spend it.

Mr. MATTHEWS. One more point. I believe that these receipts are, as the chairman indicated, in lieu of taxes that the Federal Government does not pay.

Mr. HORAN. That is correct.

Mr. MATTHEWS. It gives back the county a certain percentage because there are no local taxes paid on these lands and it would seem to you that, certainly, to use some of these receipts for general government uses would be in line with that principle of using this money properly in lieu of taxes?

Mr. HORAN. It is almost madatory in some of my counties, and I understand there are about 300 or 400 counties in the Nation. I imagine Mr. Hagen might have some very close to his area. These are small populated counties. They might, of course, merge with the adjoining counties but in the counties I have that is not practicable, either. They have very, very small populations, their school population is pretty much static. They already have their schools built. They are keeping up a good school system.

Their road problem is, of course, in the larger ones of the counties, a problem, but there comes a time when they have trouble maintaining the sheriff's office and meeting their payroll. Yet they cannot tap these forest receipt moneys for their purpose.

Mr. MATTHEWS. Could you estimate about how much of your money for general government purposes has to come from these forests in 1 or 2 of your representative counties?

Mr. HORAN. I would say that better than 80 percent is true in Ferry County, in my district, which is a very small county. The tax moneys they receive is less than \$20,000, I understand. The cost of running their county government is almost \$100,000. All that keeps them afloat is the forest receipts.

The CHAIRMAN. Mr. Heimbürger, do we have a letter from the Department reporting on the old bill?

Mr. HEIMBURGER. That is correct.

The CHAIRMAN. That was a favorable report and the language proposed at that time is similar to the language now proposed.

Mr. POAGE. May I ask you about this. I remember we all supported the old bill. It occurred to me that these counties, some of them are so small in population, may be rather large in area, but the population would be very small in many of them that these resources amount to a substantial portion of their total resources. You point out possibly 60 percent of the total income of the county comes from the 25 percent of gross receipts. That is a lot more

than the county would take from anybody else. Consequently, they are getting more from the Government's operation of these forests than they are even from private forests of similar area and productivity, aren't they?

Mr. HORAN. Yes.

Mr. POAGE. The Government is paying them a great deal more than simply the taxes that the land would bring if it were on a tax roll.

I realize that we ought to help those counties along, but do not we actually reach the point in some of these counties where the Government would be paying all of the expenses of the county? At least, I am sure that theoretically it is possible.

I just wondered if we would have that in reality? That if we passed this bill out it would relieve certain counties of every dollar of taxation. I am afraid we might do that.

Mr. HORAN. This bill does not change the status quo.

Mr. POAGE. Yes; it does. Because under the present law we might pay for all of the cost of the schools and all of the cost of the roads, but we never would be put in the rather ridiculous position of saying that the Federal Government was paying every dollar of the cost of your local courts, every dollar of the cost of all county functions. I regret to say I can see theoretically that this could result in a situation where there would be counties where they would levy no tax whatever, and we would be subjected to a good deal of rather just criticism if we came up with a proposal that took away all local taxation. We cannot do it now because they have to levy local taxes to pay their sheriff and their auditors, and so on.

At present it may be that the Federal contribution is paying all of their school and road costs, but you never can reach a point at present where the Federal Government is paying all the costs.

Mr. HORAN. This bill does not change the present income of the county. If we fail to pass this bill—

Mr. POAGE. I know that. You said there was not enough money in some of these counties.

Mr. HORAN. No; I didn't say that—no, no. In some of these counties, this is the bulk of their income. They spend it on schools and roads now.

Mr. POAGE. That is as far as they go?

Mr. HORAN. They have nothing left over. They spend all of that money, but they want permission to spend it for other purposes rather than schools and roads.

Mr. POAGE. If they spend it all on other than schools and roads, then they will have to cut down the quality of their schools and roads in order to save themselves the necessity of paying taxes?

Mr. HORAN. Their difficulty is maintaining those other governmental services in the county. The forest receipts are doing all right with roads and schools in the counties. They have difficulty in meeting the other governmental expenses of running the county.

Mr. POAGE. What about these roads? Is it not a fact that the Federal Government pays for the cost of all roads in the forest reserves?

Mr. HORAN. There are other roads that are not in the reserve.

Mr. POAGE. The Federal Government is, as I understand it, paying for the cost of all roads in the forest reserves in the first place. Then the Federal Government gives 25 percent of the proceeds of the forests to pay for the maintenance of this other 10 percent of the roads. Is that not right? Is not the Federal Government paying all of the cost of roads on the Forest Service land?

Mr. HORAN. I could not answer that.

Mr. POAGE. Is that not right? I think we all know it is right.

Mr. HORAN. The difficulty, as I have tried to make it clear and Mr. Matthews has helped to make it clear, is all they want is permission to use receipts that they are receiving now for other purposes than roads and schools.

Mr. POAGE. I understand that. I am trying to get the facts. Is it not correct that the Federal Government pays all of the cost of roads on the forest reserve?

Mr. HORAN. Yes; but the State has to maintain them after they are built.

Mr. POAGE. Does it?

Mr. HORAN. The county has a part in that, too.

Mr. POAGE. What does the county do?

Mr. HORAN. The State has to maintain the roads.

Mr. POAGE. But what does the county do?

Mr. HORAN. It takes care of the roads.

Mr. MATTHEWS. Will you yield?

The money for the public roads would be used for county roads and not for forest roads?

Mr. POAGE. That is right. Suppose the county is in the forest reserve, the Federal Government pays all of the cost of the roads in that forest reserve?

Mr. HORAN. In the forests, the Federal Government builds the roads, but the State has to maintain them. And the county has to maintain the access roads to the State roads and as well as their other county roads, and they do that out of forest receipts in the case of Ferry County which has almost half of the Indian reservation and the other half is forest reserve, and very little privately owned land.

Mr. POAGE. Has the county any roads in that Indian reservation?

Mr. HORAN. No.

Mr. POAGE. Very little privately owned land, very little county roads?

Mr. HORAN. And very little taxes.

Mr. POAGE. If we turn this money over, so it can be used for all purposes, are we not likely to find ourselves creating a situation where there will be 1 or 2 counties in the United States that wouldn't pay 1 dime of local taxes because they will be living off the Federal Government?

Mr. HORAN. Well, I think if you want to turn the forest reserves over to Ferry County, and let them use it as a tax base, they would be very happy to have it. That is not involved in this bill.

Mr. POAGE. I know it is not. I am just asking, are we not creating a situation whereby we are doing this? I do not know that we are. I just want to get facts.

Mr. HORAN. I think the situation here in this bill does not change anything. It is already the situation.

The CHAIRMAN. It gives that authority?

Mr. HORAN. That is right. It gives the county commissioners permission to use the funds for other purposes.

The CHAIRMAN. In many States schools and roads are maintained by the counties and in some States they have greater need of funds for other purposes.

Mr. POAGE. That is very well. I am not opposed to it on that account, but I do not want someone to say that this committee did not have any better sense than to have the Federal Government pay all of the expenses of X county in Y State and that the people of X county in Y State hereafter are not levying any taxes whatever on themselves but the Federal Government is paying all of the local cost.

I had hoped that Mr. Horan would be able to tell us that could not happen under this bill. I think that the people of even these smaller counties ought to have to pay some tax. They ought not to have to carry all of the cost, of course.

Mr. HORAN. I can assure you that it wouldn't happen under this.

Mr. POAGE. That is what I want to know.

Mr. HORAN. Your county sheriff will have to go on that forest reserve, if there is a murder or hunting accident or something like that there.

Mr. POAGE. I am just asking you to give us assurance that there will be no county in the United States that will be relieved of all of its local taxes.

Mr. HORAN. I can assure you of that by reason of this bill.

The CHAIRMAN. I assume that when the Secretary reported in February 1956, favorably reported this bill, that he was aware of the possibility mentioned by Mr. Poage, and I do not think that the Secretary would have expressed himself favorably to passage had he thought that such a situation might arise.

Mr. HORAN. I do not think he would.

The CHAIRMAN. If it does arise we could change the law.

Mr. HILL. I move it be reported.

The CHAIRMAN. All in favor of reporting the bill let it be known by saying "Aye."

All opposed, "No." The "ayes" have it. The bill is ordered reported.

The CHAIRMAN. Mr. Poage will reserve his right to vote "no."

We will have a report from Mr. Simpson.

Mr. SIMPSON. The whole group are in agreement with the Department of Agriculture to stockpile that. I had not heard from him. Naturally, I was curious. This plant has moved.

As I say, I haven't heard from him. I want to know—in fact I wanted them to know I was on the job.

The CHAIRMAN. We have before us S. 3478.

All those in favor of reporting S. 3478, let it be known by saying "aye"; opposed "no."

The "ayes" have it.

The bill is ordered reported.

H. R. 11800

The CHAIRMAN. Next is H. R. 11800 by Mr. Canfield.
(H. R. 11800 is as follows:)

[H. R. 11800, 85th Cong., 2d sess.]

A BILL To authorize the Secretary of Agriculture to convey a certain parcel of land and buildings thereon to the city of Clifton, New Jersey

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture is authorized and directed to convey by quitclaim deed to the city of Clifton, New Jersey, all of the rights, title, and interest of the United States in and to seven acres, more or less, of the land of the United States Animal Quarantine Station, Clifton, New Jersey, more particularly described as a parcel of land comprising the westerly portion of the United States Animal Quarantine Station, Clifton, New Jersey, lying along the southerly side of Colfax Avenue, together with all buildings, facilities, and improvements thereon, upon payment by said city of 75 per centum of the appraised fair market value of such land, buildings, facilities, and improvements as determined by the Secretary of Agriculture: *Provided*, That in addition the city of Clifton shall deposit at time of conveyance \$30,000 to the Treasury of the United States into a special account for the use of the Secretary of Agriculture in making alterations of buildings, facilities, and improvements situated upon the remaining portion of said quarantine station. The conveyance hereunder shall be subject to the reservations, conditions, and restrictions contained in this Act. The cost of any survey required in connection with the conveyance of this property shall be at the expense of the city of Clifton.

SEC. 2. Said quitclaim deed shall also contain a reservation to the United States of all gas, oil, coal and all source materials essential to the production of fissionable material and all other mineral deposits and the right to the use of the land for extracting and removing same.

SEC. 3. The city of Clifton shall, prior to the actual use of the tract of land conveyed to such city by the first section of this Act and prior to the alteration or removal of any fences now upon such tract of land, provide a suitable fence on the boundary line between such parcel of land and the remaining land of the United States animal quarantine station. If the city of Clifton fails to provide such fence prior to the actual use of such tract of land and prior to the alteration or removal of the existing fences, all the right, title, and interest in and to the land conveyed by the first section of this Act shall revert to, and become the property of, the United States, which shall have the immediate right of entry thereon.

JUNE 18, 1958.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in reply to your request of April 28, for a report on H. R. 11800, a bill to authorize the Secretary of Agriculture to convey a certain parcel of land and buildings thereon to the city of Clifton, N. J.

The Department favors the enactment of this bill.

The bill would authorize the Secretary of Agriculture to convey by quitclaim deed to the city of Clifton, N. J., approximately 7 acres of land and all buildings, facilities, and improvements thereon which are part of the United States Animal Quarantine Station at Clifton, N. J. The quitclaim deed would contain a reservation to the United States of all gas, oil, coal, and all source materials essential to the production of fissionable material and all other mineral deposits with the right to the use of the land to extract and remove the same. The city of Clifton would pay 75 percent of the appraised fair market value for such property. In addition, the city of Clifton shall deposit at the time of conveyance \$30,000 to the Treasury of the United States into a special account for use by the Secretary of Agriculture in making alterations of buildings, facilities, and improvements situated upon the remaining portion of the quarantine station. The cost of survey required in connection with the conveyance and for adequate fencing shall be at the expense of the city of Clifton.

The need for this additional land was expressed by the city of Clifton officials for the proposed expansion of their schooling facilities which are adjacent to the station. This proposed transfer would provide approximately 313,500 square feet of additional space comprising a strip of land 285 feet wide. There are four brick quarantine barns on the land which the city now wishes to acquire. The 4 barns contain 15,360 square feet, or approximately 40 percent of such space available in the operation of the station.

Public Law 541, 83d Congress, authorized the Secretary of Agriculture to convey to the city of Clifton approximately 14½ acres of quarantine station land upon payment by the city of 75 percent of the appraised fair market value of the acreage. The parcel of land was subsequently appraised at \$78,000 and in May 1956 the transaction was consummated. The city provided a suitable fence on the boundary between the parcel of land and the remaining portion of the quarantine station.

There are 17 barns of various sizes, including the 4 mentioned above, available to the Department for the quarantining of import animals and poultry. All are of permanent brick and concrete construction and have a total of approximately 38,460 square feet of quarantine space. Each barn is set in a paddock of about 1 to 1½ acres which provides distances between barns ranging from 50 to 200 feet.

Considering the present and reasonably anticipated future rate of importations and the kinds of animals that may normally be expected, it has been developed through a current study that quarantine operations could be effectively conducted with the reduced acreage. However, certain alterations must be made in several of the remaining structures to provide for more usable space and to compensate for the loss of the advantage we now have of distance between barns for the isolation of individual importations undergoing quarantine.

Alterations of the remaining structures estimated at \$30,000 would include:

1. Removing 98 iron cattle stanchions and concrete mangers in 6 of the barns and constructing 50 box stalls.
2. Subdividing 3 barns into 7 separate isolation units by constructing 4 concrete and stud airtight partitions running to the roof at the third-points in 1 of the barns and at the half-points in the other 2.
3. Converting 1 cattle quarantine barn into a poultry and small animal barn by interior construction of 5 tight-covered pens.
4. Converting one 2-story garage into a hay and grain storage barn.
5. Relaying 12,000 square feet of flooring with 2-inch concrete and mesh to eliminate gutters and provide proper drainage.
6. Capping two waterlines entering the area proposed for release.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

The CHAIRMAN. We have a report from the Department on the bill.

Mr. GATHINGS. The subcommittee headed by Mr. Hoeven visited this city. I was a member of that group and Mr. Hoeven was chairman of the subcommittee at the time. I thought the bill had long since been passed.

Mr. HOEVEN. Mr. Canfield, you recall the bill that Mr. Gathings referred to? The subcommittee did go down to Clifton and make some investigation, and we made a recommendation as to 75 percent payment of the appraised value.

Mr. CANFIELD. That is true.

Mr. HOEVEN. At the time the city of Clifton wanted more land out of this reservation for city expansion.

Mr. CANFIELD. That is true.

Mr. HOEVEN. At that time there was some discussion as to whether or not the quarantine station should be entirely liquidated.

Mr. CANFIELD. That is true. That is true. May I say to my colleague on the committee, the Department of Agriculture hopes some day in the not far-off future to move that quarantine station—inci-

dentially, the only quarantine station in our United States for animals coming into our country—to a place near water and preferably near an airport because most animals now being imported are coming to our country through the air, no longer by sea and by rail.

Mr. ANFUSO. No, Mr. Hoeven, Clifton, N. J., is in the metropolitan New York area, a fast-growing community now 85,000 population. This quarantine tract is in the exact geographical center of the community.

Mr. HOEVEN. This all indicates that the city is trying to squeeze out the quarantine station and it must eventually be moved. When we visited the quarantine station there was some doubt in our minds as to whether or not the station should be continued.

Mr. CANFIELD. That is true.

Mr. HOEVEN. Whatever money is realized from the transfer of the property will be turned over to improving the facilities that are remaining; is that correct?

Mr. CANFIELD. As to this bill it requires the payment of 75 percent of the appraised market value plus \$30,000 for removing buildings on the 7-acre tract now desired by the city.

Mr. HOEVEN. But that money is going to be used to make improvements on what is left of the quarantine station?

Mr. CANFIELD. It is going to build new barns, yes, sir.

Mr. HOEVEN. Would not that indicate they were going to make it a permanent installation?

Mr. CANFIELD. No, I don't think so. People down in the Department say "no." However, the Department in all honesty and all frankness has no immediate plans to remove that station.

Mr. HOEVEN. No, but—

Mr. CANFIELD. It will be a costly operation.

Mr. HOEVEN. But the trend of things seems to indicate that further requirements will follow. This is the second request for more land.

Mr. CANFIELD. That is true.

Mr. HOEVEN. I anticipate that in another year or two there will be a bill before the committee to take what is left. I do not think we should be spending a lot of money on improvements if eventually we are going to liquidate the quarantine station.

Mr. CANFIELD. Mr. Hoeven, the city fathers of Clifton, N. J., say they anticipate removal between an 8- and 10-year period, and the Federal Government agrees to that.

Mr. POAGE. May I ask what do you expect to do with the land; that is, what will the city do with it?

Mr. CANFIELD. Two years ago the city was deeded 14 acres. They are asking for 7 additional acres, with the approval of the Department, to build with the consent and approval of the Department, you have favorably reported, to build a new high school for 3,000 pupils.

Mr. POAGE. A high school?

Mr. CANFIELD. Yes.

Mr. POAGE. There is nothing in the bill that I noticed that requires it to be used for public purposes. It seems to me that as a general policy if we are going to give a concession in part in price—and this is a concession in price—and I presume it is relatively valuable land and I have no objection to giving a concession but if we are going to do it, it should be for a public purpose rather than allowing the city to take the land and sell it as a speculative venture.

Mr. CANFIELD. I agree.

Mr. POAGE. I am perfectly willing to give the city the advantage, the right, to buy something under the market but the city should be made to say it would be used for a public purpose and when that ceases the title should come back to the Government rather than to allow the city to sell the property for private use.

Mr. CANFIELD. The city wants it for no other purpose and is willing to have that incorporated in the bill.

The CHAIRMAN. It does not involve that.

Mr. POAGE. That is all true—it does not provide for that—that is a general clause you put in all of these bills, but that does not provide for the property going back to the Government. That is what I am talking about.

Mr. GATHINGS. I agree that the amendment was agreed to by the subcommittee and the full committee and I think that the law is on the statute books.

Mr. POAGE. For the 14 acres we have already sold them?

Mr. CANFIELD. That is true.

Mr. POAGE. This is for the additional. All I am saying is that this bill, this additional conveyance should be made on the same terms that that original 14 acres was made.

Mr. CANFIELD. I agree. There has been no discussion otherwise.

Mr. POAGE. I move it.

Mr. HILL. To vote it out with an amendment?

Mr. POAGE. That is correct.

Mr. HILL. Have it say for the use of the Secretary for this express purpose for the proposed expansion of the school facilities and so forth, which are adjacent to the station. Let us put that in.

Mr. POAGE. That is perfectly all right. So long as we put in in there that it will be used for a public purpose.

Mr. HILL. Can you do that?

Mr. HELMBURGER. Yes.

Mr. HOEVEN. I have no objection to voting out the bill, but I do think the committee should try to determine whether or not the quarantine station is to be maintained on a permanent basis or not.

The CHAIRMAN. They cannot anticipate the problem 10 years from now. They might continue to use it for this purpose.

If we put this provision we are talking about in it would take care of it.

Mr. HOEVEN. That is true.

The property is right in the center of the city, and eventually will be taken over by the city.

Mr. GATHINGS. It will continue to grow.

Mr. HOEVEN. That is true.

Mr. CANFIELD. The quarantine station has been there since 1898. During that period of time, the city has had very happy relationships with the Federal Government. Down through the years never have they had any difficulty. And now they have very happy relationships. It is a general feeling within an 8- to 10-year period the Federal Government will undoubtedly get out but there is no design on the part of the city to pressure them to get out within the next 2, 3, 4 or 5 years. They do get the land. The Federal Government through the Department of Agriculture says they have ample space with what

they have now to carry on all normal activities. There is no disagreement anywhere.

Mr. GATHINGS. The point that Mr. Hoeven is making is there are so many buildings that are on the quarantine site that are not being used at all.

Mr. CANFIELD. That is right.

Mr. GATHINGS. And to take this money and put it into building, additional buildings, I just doubt whether that will be good wisdom or not.

Mr. CANFIELD. May I say to my friend it, also, involves this money, the replacing of some public utilities that are necessary and some alterations of the existing barns. You have seen the barns up there. They are old brick-concrete structures. They are rather ancient.

Mr. GATHINGS. Maybe the caretaker's or superintendent's home needs a little work done on it.

Mr. CANFIELD. That is an old home that is an old home indeed.

Mr. GATHINGS. They could use that money for the purpose of that.

Mr. CANFIELD. That is right.

Mr. GATHINGS. Get some new improvements, and not for additional facilities?

Mr. CANFIELD. That is right. I do believe in all frankness that it would be a costly operation today to remove that station in its entirety and place it somewhere near New York water area, near an airport where it is hoped that it will be some day.

Mr. GATHINGS. As to Mr. Hoeven's objection, what about it—do you think that the money could be used for improvements on the existing property?

Would you be inclined to go along with that?

Mr. HOEVEN. I have no objection to the bill. I do object to putting money into facilities that we know are going to be liquidated before long.

Mr. CANFIELD. May I say to you, Mr. Hoeven, that the Federal Government is not to be required to put any additional funds into these buildings. That will be debited to the city under this bill. The city will pay that \$30,000, or approximately \$30,000 required mostly for alterations of those barns which you saw, and removal of certain public utilities.

The CHAIRMAN. Provided as follows:

That in addition the city of Clifton shall deposit at time of conveyance—set aside \$30,000 for use by the Secretary of Agriculture in making alterations of buildings, improvements, et cetera, of said quarantine station.

Mr. CANFIELD. That is right.

The CHAIRMAN. It seems to me that the Secretary of Agriculture is the man who will spend the money. Is that right? The city pays it to him. The Secretary of Agriculture has the right to spend it?

Mr. CANFIELD. That is right.

The CHAIRMAN. If he determines that it is needed he will spend it. If it is not needed he will not spend it.

Mr. CANFIELD. That is right.

Mr. POAGE. What we are doing, though, here, we are running ourselves into a conflict with the Appropriations Committee. We have

had the same sort of thing. If the Department of Agriculture needs to spend \$30,000 to build new facilities they ought to go to the Appropriations Committee and get an appropriation for it. We ought to put this money in the Treasury. And again tell the Department if they need additional money, "Go to the Appropriations Committee and get it." We ought not to sit here to appropriate money to the Department of Agriculture when the Appropriations Committee has ont given it to them.

Mr. CANFIELD. I am on the Appropriations Committee. I do not see where we are appropriating any funds.

Mr. POAGE. You are, in a fashion, if we put this money not in the Treasury of the United States but in a special fund for the Department of Agriculture to build buildings.

Mr. CANFIELD. It is to make alterations in the main——

Mr. POAGE. But nobody appropriates the money to make the alterations. All I am saying is we ought to put the money in the Treasury, period. Then they ought to go to the Appropriations Committee and not to us.

Mr. CANFIELD. I understand that. This is the procedure followed in other departments with respect to situations of this kind. And this bill was, in effect, prepared by departmental attorneys.

Mr. POAGE. I would agree with that. If that needs to be replaced, then, obviously, it is perfectly proper to replace it. But this is not to replace something, is it? Because they are not using anything, are they?

Mr. CANFIELD. Not using anything that we are taking.

Mr. POAGE. The property that is today there is not being used by the Federal Government, is it?

Mr. CANFIELD. No; it is not being used.

Mr. POAGE. So we are not replacing something?

Mr. CANFIELD. No; it is not being used.

Mr. POAGE. So we are not replacing something?

Mr. CANFIELD. That is right.

Mr. POAGE. But we are simply giving them additional money to build something new with this money?

Mr. CANFIELD. Mr. Poage, it was at the city's instance that this \$30,000 figure was developed because the city made representation to the effect that they realized alterations had to be made and they would have to pay for those.

Mr. POAGE. I don't think this committee ought to pass upon whether the Federal Government is going to build buildings there.

The CHAIRMAN. We have someone from the Department here. I understand we also have a rolleall in the House, so what we will have to do is to adjourn until tomorrow morning and we will finish tomorrow morning.

I will ask the Department to be here tomorrow morning and discuss this phase.

We thank you very much.

Mr. CANFIELD. Thank you, Mr. Chairman.

The CHAIRMAN. We will adjourn until 10 o'clock tomorrow morning. At this point in the record and without objection I should like to insert these statements from Hon. B. F. Sisk, of California, and Hon. John J. McFall, of California.

STATEMENT OF HON. B. F. SISK, 12TH DISTRICT, CALIFORNIA

Mr. Chairman, I appreciate the opportunity of advising your committee of the strong support of the people of my district and myself personally, for enactment of H. R. 11411, which has been introduced by Congressman Moss to authorize and direct establishment by the Department of Agriculture of four soil and water conservation laboratories.

I think there can be no doubt that the most pressing long-range problem confronting people of this country is the preservation and extension of the fertility of our soil. Our temporary problem of surpluses in some agricultural crops is a short-term imbalance, but the exploding population of the world and of the United States, and the inevitable resulting shortage of food and tillable farmland makes it imperative that we immediately pursue intensively the research and development of soil and water conservation practices essential to our welfare.

I have examined the report of the Secretary of Agriculture on this proposed legislation. In effect, he makes a strong case for establishment of these laboratories, fully admitting the desirability of the proposed program, but he counsels delay for further study which it appears from his report, is unnecessary. I think we can dismiss this conclusion as inconsistent and obviously inspired by the Bureau of the Budget without regard to the merits of the proposal.

The necessity for vastly increased food production and our knowledge that this can be achieved through irrigation, coupled with growing evidence that improper irrigation practices can ruin land and create drainage problems even greater than those arising from lack of irrigation water, require immediate study, and from a long-range viewpoint I think this proposed legislation is one of the most important measures before the Congress involving the future welfare of America. I strongly urge your favorable action.

STATEMENT OF HON. JOHN J. McFALL, 11TH DISTRICT, CALIFORNIA

Mr. Chairman, thank you for this opportunity to record my support of H. R. 11411.

The trend toward intensified conservation of natural resources must continue to increase in ratio to the vast expansion and development of our land areas.

In particular, the mounting concentration of industry and residential growth in western United States demands the fullest cooperation between Federal and State agencies toward planned development and maximum utilization of water and soil.

The great need in the West Coast States is new laboratory facilities adequate to meet the special problems of irrigation and drainage research.

A Federal irrigation and drainage research laboratory in California would put the needed facilities where the most effective work on problems of the entire West can be done.

Location at Davis, Calif., where the University of California department of irrigation already offers one of the outstanding programs in its field, could create a world center of research in the handling of water.

In view of continued agricultural development and the dependency upon water for irrigation and power in order to approach the minimum demand, I endorse and urge your favorable consideration of the immediate development of the four soil and water conservation laboratories as stipulated in H. R. 11411.

(Whereupon, at 11:10 a. m., the subcommittee recessed, to reconvene at 10 a. m., Thursday, July 3, 1958.)

MISCELLANEOUS BILLS

THURSDAY, JULY 3, 1958

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D. C.

The committee convened pursuant to call at 10:10 p. m., in room 1310, New House Office Building, Hon. Harold D. Cooley, chairman, presiding.

The CHAIRMAN. The committee will please be in order.

H. R. 11800

The CHAIRMAN. Mr. Canfield, you do not have any objection to our putting in a provision in this bill similar to the provision that was in the other bill. In other words, when this land is not used for the purposes stated that it reverts to the Federal Government?

Mr. CANFIELD. No, indeed; I am in favor of that.

The CHAIRMAN. Mr. Heimburger, will you make a note of that so that we may insert it?

The question has come up as to whether or not these facilities will be used. They are not now being used, are they?

Mr. CANFIELD. Yes, Mr. Chairman, I wish to correct a statement I made yesterday and briefly if I may read to you from the report of the Department of Agriculture this statement:

Considering the present and reasonably anticipated future rate of importation and the kind of animals that may normally be expected it has been developed through a current study that quarantine operations could be effectively conducted with the reduced acreage. However, certain alterations must be made in several of the remaining structures to provide for more usable space and to compensate for the loss of the advantage we now have of distance between barns, for the isolation of individual importations undergoing quarantine. The cost estimated at \$30,000 would include, (1) the removing 98 iron cattle stanchions, concrete mangers in 6 of the barns and constructing 50 box stalls—

The CHAIRMAN. In other words, the Department says in the report what they will do with the money?

Mr. CANFIELD. Yes, indeed.

The CHAIRMAN. Are there any questions?

Mr. HOEVEN. I would like to ask how many animals you handle at the quarantine station in the course of a year?

STATEMENT OF C. D. VAN HOUWELING, ASSISTANT ADMINISTRATOR, AGRICULTURAL RESEARCH SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE

Mr. VAN HOUWELING. Mr. Hoeven, in the fiscal year 1957 which has been a rather typical year, we had approximately 200 large ani-

mals plus 400 equines, and about 5,000 poultry that went through there.

This is, of course, in the great many different shipments and lots. That is where we need this space, to give protection to the lots that are being handled at one time.

Mr. HOEVEN. Is it your intention to maintain this quarantine station indefinitely?

Mr. VAN HOUWELING. We don't think we have any choice because of the constant demand to import these animals from foreign countries; and they do have to be subjected to a quarantine.

Mr. HOEVEN. I am not referring to the need of the facilities, but to the location of the station. It is right in the heart of the city.

Do you anticipate that in time the city will force you out?

Mr. VAN HOUWELING. They will, probably, continue to ask for space. If the Congress continues to grant transfers, why we eventually will have to have a new location.

Mr. HOEVEN. The Department has recommended that the bill be passed. Do not blame the Congress. We followed the Department's recommendations in approving earlier legislation.

Mr. VAN HOUWELING. We can accommodate ourselves with less space if we can make the alterations to the existing structures. But the barns we have to give up with this 7-acres of land constitute approximately 40 percent of our barn space.

Mr. HOEVEN. The only point I am trying to make is that under the circumstances will it not be wise and more economical in the long run for you to establish a quarantine station elsewhere and just sell the remainder of the land to the city of Clifton?

Mr. VAN HOUWELING. We have given consideration to that, but the construction of an entirely new quarantine station in a new location would involve a considerable expenditure which would have to have an appropriation.

Mr. HOEVEN. I do not like the idea of spending too much money on a facility that you and I well know will be forced out in due time.

Mr. VAN HOUWELING. I think that is a possibility. They will continue to want more and more of this case, that is, the city will.

The CHAIRMAN. Are there any further questions?

Mr. CANFIELD. I think in fairness to this committee and, particularly, Mr. Poage, who raised a question yesterday, and this question had to do with lines 6 through 15 on page 2 of the bill, and reading:

Provided, That in addition the city of Clifton shall deposit at time of conveyance \$30,000 to the Treasury of the United States into a special account for the use of the Secretary of Agriculture in making alterations—

and so forth.

I should say that I have made some inquiry and apparently, as Mr. Poage developed yesterday, this does involve the appropriating process. There is a precedent in written language authorizing an appropriation and it is covered by seven canons in the precedents, paragraph 2158, because of this development I believe—and I would suggest, Mr. Chairman, that if agreeable to you and the committee, that counsel of the committee and of the Department of Agriculture review this language, because it is one I am anxious to see pass and the Department is anxious to see pass. And I am sure the city of Clifton wants it passed.

I want it to be right. I believe appropriate language can be developed shortly which will obviate a point of order on the floor of the House.

The CHAIRMAN. I think you are probably right. It is subject to a point of order. There is a possibility that nobody will raise the point of order.

Mr. CANFIELD. It is just an offset, Mr. Chairman. There will be an appropriation. The money would be put up by the city of Clifton, and it is just an offset insofar as bookkeeping is concerned. The money would be provided by the city.

Whatever the chairman and committee decide to do is all right with me, and will be agreeable to me.

(Discussion off the record.)

The CHAIRMAN. Are there any further questions?

Mr. HARVEY. I was only going to suggest that I understand there is a supplemental appropriation being prepared in which the agricultural subcommittee will have a provision, a section in it, and I was wondering why you were led to think it would take 2 years in the event the point of order was raised.

The CHAIRMAN. It would not necessarily take 2 years. It would take some months, we know.

Mr. HARVEY. In other words, if the item were included in the supplemental appropriations bill, and it went through this session—

Mr. CANFIELD. May I address my colleague?

First, we would have to have the authorization, would we not?

The CHAIRMAN. Not only that but the first thing is that the city of Clifton has to pay the money, then you have to appropriate it.

Mr. HARVEY. You can have a direct appropriation without any of that.

The CHAIRMAN. This provides in addition that the city shall deposit the sum of \$30,000 in the Treasury of the United States.

Mr. HARVEY. You would have to revise the bill, obviously, of course; but Mr. Canfield said he was going to have an appropriate amendment in the event a point of order was raised to put the bill in proper form—assuming that would be the case—and only on that contingency was I raising any question.

I have no objection to it.

The CHAIRMAN. Let us report the bill.

Thank you very much.

Mr. CANFIELD. Thank you.

The CHAIRMAN. All in favor of reporting the bill H. R. 11800 say "aye"; opposed "no." There was no objection and the bill was ordered reported.

H. R. 10902 (S. 1939)

The CHAIRMAN. We have H. R. 10902, to amend the Federal Seed Act of August 9, 1939.

(H. R. 10902 is as follows:)

[H. R. 10902, 85th Cong., 2d sess.]

A BILL To amend the Federal Seed Act of August 9, 1939 (53 Stat. 1275), as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 101 (a) (7) (A) of the Federal Seed Act of August 9, 1939 (53 Stat. 1275), as amended (7 U. S. C. 1561 (a) (7)

(A)), is amended by deleting from the list of agricultural seeds the phrase "Beta vulgaris L.—Field beet, excluding sugar beet." and substituting therefor the phrase "Beta vulgaris L.—Field beet."

SEC. 2. Section 101 (a) of said Act (7 U. S. C. 1561 (a)) is further amended by adding at the end thereof a new paragraph (24) to read as follows:

"(24) The term 'treated' means given an application of a substance or subjected to a process designed to reduce, control, or repel disease organisms, insects, or other pests which attack seeds or seedlings growing therefrom."

SEC. 3. Section 101 (a) of said Act (7 U. S. C. 1561 (a)) is further amended by adding at the end thereof, after new paragraph (24), a new paragraph (25) to read as follows:

"(25) The term 'seed certifying agency' means (A) an agency authorized under the laws of a State, Territory, or possession, to officially certify seed, or (B) an agency of a foreign country determined by the Secretary of Agriculture to adhere to procedure and standards for seed certification comparable to those adhered to generally by seed certifying agencies under (A)."

SEC. 4. Title I of said Act (7 U. S. C. 1561) is amended by adding at the end thereof a new section 102 to read as follows:

"SEC. 102. Any labeling, advertisement, or other representation subject to this Act which represents that any seed is certified or registered seed shall be deemed to be false in this respect unless (a) it has been determined by a seed certifying agency that such seed was produced, processed, and packaged, and conformed to standards of purity as to kind or variety, in compliance with the rules and regulations of such agency, pertaining to such seed; and (b) the seed bears an official label issued for such seed by a seed certifying agency stating that the seed is certified or registered."

SEC. 5. Section 201 (a) (8) of said Act (7 U. S. C. 1571 (a) (8)) is amended to read as follows:

"(8) For each agricultural seed, in excess of 5 per centum of the whole, stated in accordance with paragraph (a) (1) of this section, and each kind or variety or type of agricultural seed shown in the labeling to be present in a proportion of 5 per centum or less of the whole,

"(A) percentage of germination, exclusive of hard seed,

"(B) percentage of hard seed, if present, and

"(C) the calendar month and year the test was completed to determine such percentages;"

SEC. 6. Section 201 (b) (1) of said Act (7 U. S. C. 1571 (b) (1)) is amended to read as follows:

"(1) Name of each kind and variety of seed and if two or more kinds or varieties are present, the percentage of each;"

SEC. 7. Section 201 (b) (2) of said Act (7 U. S. C. 1571 (b) (2)) is amended by deleting the introductory phrase and substituting therefor the following:

"(2) For each variety of vegetable seed which germinates less than the standard last established by the Secretary of Agriculture, as provided under section 403 (c) of this Act—"

SEC. 8. Section 201 of said Act (7 U. S. C. 1571) is further amended by adding at the end thereof a new subsection (i) to read as follows:

"(i) Any agricultural seeds or any mixture thereof or any vegetable seeds or any mixture thereof, for seeding purposes, that have been treated, unless each container thereof bears a label giving the following information and statements in accordance with rules and regulations prescribed under section 402 of this Act:

"(1) A word or statement indicating that the seeds have been treated;

"(2) The commonly accepted, coined, chemical (generic), or abbreviated chemical name of any substance used in such treatment;

"(3) If the substance used in such treatment in the amount remaining with the seeds is harmful to humans or other vertebrate animals, an appropriate caution statement approved by the Secretary of Agriculture as adequate for the protection of the public such as 'Do not use for food or feed or oil purposes': *Provided*, That the caution statement for mercurials and similarly toxic substances, as defined in said rules and regulations, shall be a representation of a skull and crossbones and a statement such as 'This seed has been treated with poison', in red letters on a background of distinctly contrasting color; and

"(4) A description of any process used in such treatment, approved by the Secretary of Agriculture as adequate for the protection of the public."

SEC. 9. Section 202 of said Act (7 U. S. C. 1572) is amended to read as follows:

"SEC. 202. All persons transporting, or delivering for transportation, in interstate commerce, agricultural seeds shall keep for a period of three years a complete record of origin, germination, and purity of each lot of such agricultural seeds, and all persons transporting, or delivering for transportation, in interstate commerce, vegetable seeds shall keep for a period of three years a complete record of germination and variety of such vegetable seeds. The Secretary of Agriculture, or his duly authorized agents, shall have the right to inspect such records for the purpose of the effective administration of this Act."

SEC. 10. The introductory portion of section 203 (b) of said Act (7 U. S. C. 1573 (b)) and paragraph (2) of said section 203 (b) are amended to read, respectively, as follows:

"(b) The provisions of section 201 (a), (b), or (i) shall not apply—

"(2) to seed intended for seeding purposes when transported or offered for transportation in interstate commerce—

"(A) if in bulk, in which case, however, the invoice or other records accompanying and pertaining to such seed shall bear the various statements required for the respective seeds under sections 201 (a), (b), and (i); or

"(B) if in containers and in quantities of twenty thousand pounds or more: *Provided*, That (i) the omission from each container of the information required under sections 201 (a), (b), and (i) is with the knowledge and consent of the consignee prior to the transportation or delivery for transportation of such seed in interstate commerce, (ii) each container shall have stenciled upon it or bear a label containing a lot designation, and (iii) the invoice or other records accompanying and pertaining to such seed shall bear the various statements required for the respective seeds under sections 201 (a), (b), and (i); or

"(C) if consigned to a seed cleaning or processing establishment, to be cleaned or processed for seeding purposes: *Provided*, That (i) this fact is so stated in the invoice or other records accompanying and pertaining to such seed if the seed is in bulk or if the seed is in containers and in quantities of twenty thousand pounds or more, (ii) this fact is so stated on attached labels if the seed is in containers and in quantities less than twenty thousand pounds, and (iii) any such seed later to be labeled as to origin and/or variety shall be labeled as to origin and/or variety in accordance with rules and regulations prescribed under section 402 of this Act."

SEC. 11. Section 204 of said Act (7 U. S. C. 1574) is amended to read:

"SEC. 204. The use of a disclaimer, limited warranty, or nonwarranty clause in any invoice, advertising, labeling, or written, printed, or graphic matter, pertaining to any seed shall not constitute a defense, or be used as a defense in any way, in any prosecution or other proceeding brought under the provisions of this Act, or the rules and regulations made and promulgated thereunder. Nothing in this section is intended to preclude the use of a disclaimer, limited warranty, or nonwarranty clause as a defense in any proceeding not brought under this Act."

SEC. 12. Section 301 (a) of said Act (7 U. S. C. 1581 (a)) is amended by adding at the end thereof a new paragraph (4) to read as follows:

"(4) any seed containing 10 per centum or more of any vegetable seeds unless the invoice pertaining to such seed and any other labeling of such seed bear the name of each kind and variety of vegetable seed present."

SEC. 13. Section 302 (a) of said Act (7 U. S. C. 1582 (a)) is amended by inserting the word "owner or" before the word "consignee" wherever the latter appears except in the two provisos therein; and by deleting said provisos and substituting therefor, respectively, the following: "*Provided*, That the Secretary of the Treasury may authorize the delivery of seed or screenings which are being imported or offered for import to the owner or consignee thereof, pending decision as to the admission of such seed or screenings and for staining, cleaning, labeling, or other reconditioning if required to bring such seed or screenings into compliance with the provisions of this Act, upon the execution by such owner or consignee of a good and sufficient bond conditioned upon redelivery of the seed or screenings upon demand unless redelivery is waived because the seed is reconditioned to bring it into compliance with this Act or is destroyed under Government supervision under this Act, and providing for the payment of such liquidated damages in the event of default as may be required pursuant to regulations of the Secretary of the Treasury: *And provided further*, That all

expenses incurred by the United States (including travel, per diem or subsistence, and salaries of officers or employees of the United States) in connection with the supervision of staining, cleaning, labeling, other reconditioning, or destruction, of seed or screenings under this title shall be reimbursed to the United States by the owner or consignee of the seed or screenings, and such reimbursements shall be recredited to the appropriation from which the expenses were paid, the amount of such expenses to be determined in accordance with joint regulations under section 402 of this Act, and all expenses in connection with the storage, cartage, and labor on the seed or screenings, which are refused admission or delivery shall be paid by the owner or consignee, and in default of such payment shall constitute a lien against future importations made by such owner or consignee."

SEC. 14. Section 302 of said Act (7 U. S. C. 1582) is further amended by adding at the end thereof a new subsection (d) to read as follows:

"(d) The provisions of this title prohibiting the importation of seed that is adulterated or unfit for seeding purposes shall not apply—

"(1) when seed grown in the United States is returned from a foreign country without having been admitted into the commerce of any foreign country: *Provided*, That there is satisfactory proof as provided for in the joint rules and regulations prescribed under section 402 of this Act that the seed was grown in the United States and was not admitted into the commerce of a foreign country and was not commingled with other seed, or

"(2) when seed is imported for sowing for experimental or breeding purposes and not for sale: *Provided*, That declarations are filed, and importations are limited in quantity, as provided for in the rules and regulations prescribed under section 402 of this Act, to assure that the importations are not for experimental or breeding purposes."

SEC. 15. Section 306 of said Act (7 U. S. C. 1586) is amended by adding at the end thereof a new subsection (c) to read as follows:

"(c) To make any false or misleading representation with respect to any seed subject to this title being imported into the United States or offered for import: *Provided*, That this subsection shall not be deemed violated by any person if the false or misleading representation is the name of a variety indistinguishable in appearance from the seed being imported or offered for import and the records and other pertinent facts reveal that such person relied in good faith upon representations with respect to the name of the indistinguishable variety made by the shipper of the seed."

SEC. 16. This Act, and the amendments made hereby, shall take effect upon the date of enactment.

[S. 1939, 85th Cong., 2d sess.]

AN ACT To amend the Federal Seed Act of August 9, 1939 (53 Stat. 1275), as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 101 (a) (7) (A) of the Federal Seed Act of August 9, 1939 (53 Stat. 1275), as amended (7 U. S. C. 1561 (a) (7) (A)) is amended by deleting from the list of agricultural seeds the phrase "Beta vulgaris L.—Field beet, excluding sugar beet." and substituting therefor the phrase "Beta vulgaris L.—Field beet."

SEC. 2. Section 101 (a) of said Act (7 U. S. C. 1561 (a)) is further amended by adding at the end thereof a new paragraph (24) to read as follows:

"(24) The term 'treated' means given an application of a substance or subjected to a process designed to reduce, control, or repel disease organisms, insects or other pests which attack seeds or seedlings growing therefrom."

SEC. 3. Section 101 (a) of said Act (7 U. S. C. 1561 (a)) is further amended by adding at the end thereof, after new paragraph (24), a new paragraph (25) to read as follows:

"(25) The term 'seed certifying agency' means (A) an agency authorized under the laws of a State, Territory, or possession, to officially certify seed, or (B) an agency of a foreign country determined by the Secretary of Agriculture to adhere to procedure and standards for seed certification comparable to those adhered to generally by seed certifying agencies under (A)."

SEC. 4. Title I of said Act (7 U. S. C. 1561) is amended by adding at the end thereof a new section 102 to read as follows:

"SEC. 102. Any labeling, advertisement, or other representation subject to this Act which represents that any seed is certified or registered seed shall be deemed

to be false in this respect unless (a) it has been determined by a seed certifying agency that such seed was produced, processed, and packaged, and conformed to standards of purity as to kind or variety, in compliance with the rules and regulations of such agency pertaining to such seed; and (b) the seed bears an official label issued for such seed by a seed certifying agency stating that the seed is certified or registered."

SEC. 5. Section 201 (a) (8) of said Act (7 U. S. C. 1571 (a) (8)) is amended to read as follows:

"(8) For each agricultural seed, in excess of 5 per centum of the whole, stated in accordance with paragraph (a) (1) of this section, and each kind or variety or type of agricultural seed shown in the labeling to be present in a proportion of 5 per centum or less of the whole, (A) percentage of germination, exclusive of hard seed, (B) percentage of hard seed, if present, and (C) the calendar month and year the test was completed to determine such percentages;".

SEC. 6. Section 201 (b) (1) of said Act (7 U. S. C. 1571 (b) (1)) is amended to read as follows:

"(1) Name of each kind and variety of seed and if two or more kinds or varieties are present, the percentage of each;".

SEC. 7. That part of section 201 (b) (2) of said Act (7 U. S. C. 1571 (b) (2)) which precedes clause (i) is amended to read as follows:

"(2) For each variety of vegetable seed which germinates less than the standard last established by the Secretary of Agriculture, as provided under section 403 (c) of this Act—".

SEC. 8. Section 201 of said Act (7 U. S. C. 1571) is further amended by adding at the end thereof a new subsection (i) to read as follows:

"(i) Any agricultural seeds or any mixture thereof or any vegetable seeds or any mixture thereof, for seeding purposes, that have been treated, unless each container thereof bears a label giving the following information and statements in accordance with rules and regulations prescribed under section 402 of this Act:

"(1) A word or statement indicating that the seeds have been treated;

"(2) The commonly accepted coined, chemical (generic), or abbreviated chemical name of any substance used in such treatment;

"(3) If the substance used in such treatment in the amount remaining with the seeds is harmful to humans or other vertebrate animals, an appropriate caution statement approved by the Secretary of Agriculture as adequate for the protection of the public, such as 'Do not use for food or feed or oil purposes': *Provided*, That the caution statement for mercurials and similarly toxic substances, as defined in said rules and regulations, shall be a representation of a skull and crossbones and a statement such as 'This seed has been treated with POISON,' in red letters on a background of distinctly contrasting color; and

"(4) A description of any process used in such treatment, approved by the Secretary of Agriculture as adequate for the protection of the public."

SEC. 9. Section 202 of said Act (7 U. S. C. 1572) is amended to read as follows:

"SEC. 202. All persons transporting, or delivering for transportation, in interstate commerce, agricultural seeds shall keep for a period of three years a complete record of origin, germination, and purity of each lot of such agricultural seeds, and all persons transporting, or delivering for transportation, in interstate commerce, vegetable seeds shall keep for a period of three years a complete record of germination and variety of such vegetable seeds. The Secretary of Agriculture, or his duly authorized agents, shall have the right to inspect such records for the purpose of the effective administration of this Act."

SEC. 10. (a) That part of section 203 (b) of said Act (7 U. S. C. 1573 (b)) which precedes clause (1) is amended to read as follows:

"(b) The provisions of section 201 (a), (b), or (i) shall not apply—".

(b) Clause (2) of such section 203 (b) is amended to read as follows:

"(2) to seed intended for seeding purposes when transported or offered for transportation in interstate commerce—

"(A) if in bulk, in which case, however, the invoice or other records accompanying and pertaining to such seed shall bear the various statements required for the respective seeds under sections 201 (a), (b), and (i); or

"(B) if in containers and in quantities of twenty thousand pounds or more: *Provided*, That (i) the omission from each container of the information required under sections 201 (a), (b), and (i) is with the knowledge and consent of the consignee prior to the transportation or

delivery for transportation of such seed in interstate commerce, (ii) each container shall have stenciled upon it or bear a label containing a lot designation, and (iii) the invoice or other records accompanying and pertaining to such seed shall bear the various statements required for the respective seeds under sections 201 (a), (b), and (i) ; or

“(C) if consigned to a seed cleaning or processing establishment, to be cleaned or processed for seeding purposes: *Provided*, That (i) this fact is so stated in the invoice or other records accompanying and pertaining to such seed if the seed is in bulk or if the seed is in containers and in quantities of twenty thousand pounds or more, (ii) this fact is so stated on attached labels if the seed is in containers and in quantities less than twenty thousand pounds, and (iii) any such seed later to be labeled as to origin and/or variety shall be labeled as to origin and/or variety in accordance with rules and regulations prescribed under section 402 of this Act.”

SEC. 11. Section 204 of said Act (7 U. S. C. 1574) is amended to read :

“SEC. 204. The use of a disclaimer, limited warranty, or nonwarranty clause in any invoice, advertising, labeling, or written, printed, or graphic matter, pertaining to any seed shall not constitute a defense, or be used as a defense in any way, in any prosecution or other proceeding brought under the provisions of this Act, or the rules and regulations made and promulgated thereunder. Nothing in this section is intended to preclude the use of a disclaimer, limited warranty, or nonwarranty clause as a defense in any proceeding not brought under this Act.”

SEC. 12. Section 301 (a) of said Act (7 U. S. C. 1581 (a)) is amended by adding at the end thereof a new paragraph (4) to read as follows :

“(4) any seed containing 10 per centum or more of any vegetable seeds unless the invoice pertaining to such seed any other labeling of such seed bear the name of each kind and variety of vegetable seed present.”

SEC. 13. Section 302 (a) of said Act (7 U. S. C. 1582 (a)) is amended by inserting the words “owner or” before the word “consignee” wherever the latter appears except in the two provisos therein; and by deleting said provisos and substituting therefor, respectively, the following: “*Provided*, That the Secretary of the Treasury may authorize the delivery of seed or screenings which are being imported or offered for import to the owner or consignee thereof, pending decision as to the admission of such seed or screenings and for staining, cleaning, labeling, or other reconditioning if required to bring such seed or screenings into compliance with the provisions of this Act, upon the execution by such owner or consignee of a good and sufficient bond conditioned upon redelivery of the seed or screenings upon demand unless redelivery is waived because the seed is reconditioned to bring it into compliance with this Act or is destroyed under Government supervision under this Act, and providing for the payment of such liquidated damages in the event of default as may be required pursuant to regulations of the Secretary of the Treasury: *And provided further*, That all expenses incurred by the United States (including travel, per diem or subsistence, and salaries of officers or employees of the United States) in connection with the supervision of staining, cleaning, labeling, other reconditioning, or destruction, of seed or screenings under this title shall be reimbursed to the United States by the owner or consignee of the seed or screenings, and such reimbursements shall be recredited to the appropriation from which the expenses were paid, the amount of such expenses to be determined in accordance with joint regulations under section 402 of this Act, and all expenses in connection with the storage, cartage, and labor on the seed or screenings which are refused admission or delivery, shall be paid by the owner or consignee, and in default of such payment shall constitute a lien against future importations made by such owner or consignee.”

SEC. 14. Section 302 of said Act (7 U. S. C. 1582) is further amended by adding at the end thereof a new subsection (d) to read as follows :

“(d) The provisions of this title prohibiting the importation of seed that is adulterated or unfit for seeding purposes shall not apply—

“(1) when seed grown in the United States is returned from a foreign country without having been admitted into the commerce of any foreign country: *Provided*, That there is satisfactory proof as provided for in the joint rules and regulations prescribed under section 402 of this Act, that the seed was grown in the United States and was not admitted into the commerce of a foreign country and was not commingled with other seed, or

“(2) when seed is imported for sowing for experimental or breeding

purposes and not for sale: *Provided*, That declarations are filed, and importations are limited in quantity, as provided for in the rules and regulations prescribed under section 402 of this Act, to assure that the importations are for experimental or breeding purposes."

SEC. 15. Section 306 of said Act (7 U. S. C. 1586) is amended by adding at the end thereof a new subsection (c) to read as follows:

"(c) To make any false or misleading representation with respect to any seed subject to this title being imported into the United States or offered for import: *Provided*, That this subsection shall not be deemed violated by any person if the false or misleading representation is the name of a variety indistinguishable in appearance from the seed being imported or offered for import and the records and other pertinent facts reveal that such person relied in good faith upon representations with respect to the name of the indistinguishable variety made by the shipper of the seed."

SEC. 16. This Act, and the amendments made hereby, shall take effect upon the date of enactment.

Passed the Senate May 21, 1958.

Attest:

FELTON M. JOHNSTON, *Secretary*.

[S. Rept. No. 1590, 85th Cong., 2d sess.]

The Committee on Agricultural and Forestry, to whom was referred the bill (S. 1939) to amend the Federal Seed Act of August 9, 1939 (53 Stat. 1275), as amended, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill makes a number of changes in the Federal Seed Act designed principally to impose labeling requirements on imported seed somewhat similar to those imposed on domestic seed, eliminate exceptions for particular kinds of seed, relieve the industry of unnecessary burdens under the act, and improve administration. The letter from the Department of Agriculture requesting this legislation, together with the analysis supplied by the Department, both of which are attached, explain the bill fully and describe the situations which have required the changes made by the bill.

DEPARTMENTAL VIEWS AND ANALYSIS

DEPARTMENT OF AGRICULTURE,
Washington, D. C., March 18, 1957.

The honorable the PRESIDENT OF THE SENATE,
United States Senate.

DEAR MR. PRESIDENT: The Federal Seed Act of August 9, 1939 (53 Stat. 1275), was designed to correct certain abuses in the merchandising of agricultural and vegetable seed in interstate commerce and to prevent the importation of seed that is adulterated, mislabeled or unfit for seed purposes. The provisions pertaining to interstate commerce require detailed labeling and provide basically for truth in labeling so there may be fair dealing in seed and so the farmer and gardener will have guidance and protection. In the interest of the farmer and gardener the same requirements should, at least in some degree, be embodied in those provisions of the act which apply to seed being imported from foreign countries. Moreover, it is our belief that no specific exception from the requirements of the act should be provided in the statute for any kind of agricultural or vegetable seed. Experience in the administration of the act during the past several years has shown that exemptions in certain channels of commerce can be made, however, to relieve the industry of unnecessary burdens, and has also revealed certain operating problems which should be remedied. We are enclosing a draft of a bill providing for specific amendments in the act which we recommend for consideration by Congress. There is also enclosed a more detailed statement of justification.

Amendments similar to most of those now recommended were proposed to Congress in May 1953, and embodied in H. R. 5734. No hearings were held and no further action was taken on that bill.

It is estimated that the cost of performing the work which will result from the various amendments will approximate \$63,800 annually.

The proposed amendments pertaining to the import provisions of the act have been approved by the Treasury Department.

The Bureau of the Budget advises as follows:

"You are advised that there would be no objection to the presentation of the draft legislation to the Congress for its consideration. However, if the legislation should be enacted, we can make no commitment at this time with respect to the submission of an estimate of an appropriation to administer the provisions of the act."

A similar letter is being sent to the Speaker of the House of Representatives.

Sincerely yours,

E. T. BENSON, *Secretary*.

PROPOSED AMENDMENTS TO THE FEDERAL SEED ACT

(53 Stat. 1275, as amended)

1. *Section 101 (a) (7)*

In the line beginning with the words "Beta vulgaris" strike the words "excluding sugar beet" so the line will read "Beta vulgaris L.—Field beet."

State seed officials in the sugar-beet seed-producing States and in the seed-using States have requested that sugar beets be included in the list of seeds subject to the act. They advise that noxious-weed seeds have been disseminated in sugar-beet seed and that sugar-beet seed delivered to the growers is not always of the desired quality either as to purity or germination. The proposed change is for the protection of farmers who produce sugar beets.

2. *Section 101 (a)*

Add a new paragraph numbered (24) to read as follows:

"(24) The term 'treated' means given an application of a substance or subjected to a process designed to reduce, control, or repel disease organisms, insects, or other pests which attack seeds or seedlings growing therefrom."

The proposed amendment to section 201 providing for the labeling of treated seed requires a definition of the term "treated."

3. *Section 101 (a)*

Add a new paragraph numbered (25) to read as follows:

"(25) The term 'seed certifying agency' means (A) an agency authorized under the laws of a State, Territory, or possession, to officially certify seed, or (B) an agency of a foreign country determined by the Secretary of Agriculture to adhere to procedure and standards for seed certification comparable to those adhered to generally by seed certifying agencies under (A)."

The proposed amendment to add a new section 102 with respect to the labeling of certified and registered seed requires a definition of the term "seed certifying agency." Approximately 35 States have such agencies authorized under State law.

4. *Title I—Definitions*

Amend this title by adding a new section 102 worded as follows:

"SEC. 102. Any labeling, advertisement, or other representation subject to this Act which represents that any seed is certified or registered seed shall be deemed to be false in this respect unless (a) it has been determined by a seed certifying agency that such seed was produced, processed, and packaged, and conformed to standards of purity as to kind or variety, in compliance with the rules and regulations of such agency pertaining to such seed; and (b) the seed bears an official label issued for such seed by a seed certifying agency stating that the seed is certified or registered."

This section is believed necessary to properly protect the increasing volume of certified and registered seed in commercial channels. It is the intent that whether the seed can properly be represented as "certified" or "registered" depends upon whether the agency has determined and certified by the label that the requirements for certified seed or registered seed have been met. When determining whether seed is eligible, the State seed certifying agencies consider factors of quality other than purity as to kind or variety. It is the intent that this pro-

posed amendment would not in any way alter this procedure. The act provides that these factors of quality shall be truthfully shown in the labeling of agricultural seed. It is the intent that the interstate shipper will be responsible for this labeling. The responsibility for error in representation as to purity of kind and variety is controlled by the provisions of section 203 (d) of the act.

5. *Section 201 (a) (8)*

Amend section 201 (a) (8) to read as follows:

"(8) For each agricultural seed, in excess of 5 per centum of the whole, stated in accordance with paragraph (a) (1) of this section, and each kind or variety, or type of agricultural seed shown in the labeling to be present in a proportion of 5 per centum or less of the whole—

"(A) percentage of germination, exclusive of hard seed,

"(B) percentage of hard seed, if present, and

"(C) the calendar month and year the test was completed to determine such percentages;"

It is not required under the Federal Seed Act that the kind or variety or type of seed be shown upon the label if present to the extent of 5 percent or less. Such labeling is permitted, however, if the shipper so desires. The proposed amendment would require that, if the percentage of seed be voluntarily shown, its germination shall also be disclosed.

6. *Section 201 (b)*

Amend section 201 (b) (1) to read as follows:

"(1) Name of each kind and variety of seed and if two or more kinds or varieties are present, the percentage of each;"

7. *Section 201 (b)*

Amend the opening language of section 201 (b) (2) to read as follows:

"(2) For each variety of vegetable seed which germinates less than the standard last established by the Secretary of Agriculture, as provided under section 403 (c) of this Act—"

The Federal Seed Act does not provide for the manner of labeling vegetable seeds that are mixed as to variety. The act has been interpreted as prohibiting the shipment in interstate commerce of such mixtures. This does not seem to be consistent with the fundamental principle of the act which permits the shipment of seed of any quality provided it is truthfully labeled. A number of seedsmen have voiced objection to the restriction against the sale of mixtures on the grounds that there is a consumer demand for mixtures of certain kinds of vegetable seeds. The amendment would provide a means by which such mixtures could be labeled for shipment in interstate commerce.

8. *Section 201*

Add to section 201 the following new subsection (i) to read:

"(i) Any agricultural seeds or any mixture thereof or any vegetable seeds or any mixture thereof, for seeding purposes, that have been treated, unless each container thereof bears a label giving the following information and statements in accordance with rules and regulations prescribed under section 402 of this Act:

"(1) A word or statement indicating that the seeds have been treated;

"(2) The commonly accepted, coined, chemical (generic), or abbreviated chemical name of any substance used in such treatment;

"(3) If the substance used in such treatment in the amount remaining with the seeds is harmful to humans or other vertebrate animals, an appropriate caution statement approved by the Secretary of Agriculture as adequate for the protection of the public, such as 'Do not use for food or feed or oil purposes': *Provided*, That the caution statement for mercurials and similarly toxic substances, as defined in said rules and regulations, shall be a representation of a skull and crossbones and a statement such as 'This seed has been treated with POISON,' in red letters on a background of distinctly contrasting color; and

"(4) A description of any process used in such treatment, approved by the Secretary of Agriculture as adequate for the protection of the public."

The increased use of chemicals to control plant diseases and insect pests has created the need to caution the consumer against injury to health which might result from the handling of treated seed or the use of such seed for food or feed purposes. Several States have enacted legislation designed to caution consumers in circumstances where seed for planting purposes has been so treated. Increased use of these substances, including poisonous chemicals, to control or repel plant disease or insect pests, is beneficial from the standpoint of more efficient agricultural production, and it is not the desire that the practice be discouraged. This proposed amendment is directed toward the regulation of the merchandising of agricultural and vegetable seed treated with such substances. This provision is not in conflict with the Federal Insecticide, Fungicide, and Rodenticide Act nor will the action taken under such provision duplicate activities under said act.

9. Section 202

Amend section 202 to read as follows :

"SEC. 202. All persons transporting, or delivering for transportation, in interstate commerce, agricultural seeds shall keep for a period of three years a complete record of origin, germination, and purity of each lot of such agricultural seeds, and all persons transporting, or delivering for transportation, in interstate commerce, vegetable seeds shall keep for a period of three years a complete record of germination and variety of such vegetable seeds. The Secretary of Agriculture, or his duly authorized agents, shall have the right to inspect such records for the purpose of the effective administration of this Act."

It has been our experience that the absence of authority to require the keeping of records of vegetable seeds and permitting access to such records has proved to be an obstacle to proper administration of the act.

10. Section 203

Amend the introductory portion of section 203 (b) and paragraph (2) of section 203 (b) to read, respectively :

"(b) The provisions of section 201 (a), (b), or (i) shall not apply—

"(2) to seed intended for seeding purposes when transported or offered for transportation in interstate commerce—

"(A) if in bulk, in which case, however, the invoice or other records accompanying and pertaining to such seed shall bear the various statements required for the respective seeds under sections 201 (a), (b), and (i) ; or

"(B) if in containers and in quantities of twenty thousand pounds or more: *Provided*, That (i) the omission from each container of the information required under sections 201 (a), (b), and (i) is with the knowledge and consent of the consignee prior to the transportation or delivery for transportation of such seed in interstate commerce, (ii) each container shall have stenciled upon it or bear a label containing a lot designation, and (iii) the invoice or other records accompanying and pertaining to such seed shall bear the various statements required for the respective seeds under sections 201 (a), (b), and (i) ; or

"(C) if consigned to a seed cleaning or processing establishment, to be cleaned or processed for seeding purposes: *Provided*, That (i) this fact is so stated in the invoice or other records accompanying and pertaining to such seed if the seed is in bulk or if the seed is in containers and in quantities of twenty thousand pounds or more, (ii) this fact is so stated on attached labels if the seed is in containers and in quantities less than twenty thousand pounds, and (iii) any such seed later to be labeled as to origin and/or variety shall be labeled as to origin and/or variety in accordance with rules and regulations prescribed under section 402 of this Act."

The chief purpose of this amendment is to avoid the necessity of placing on each container of seed shipped in interstate commerce in large quantities a label which the consignee does not wish to use. It often occurs that seed so shipped is blended with other seed making

relabeling necessary or, in instances where blending or further processing is not performed, the consignee desires to place his own labels upon the bags. This has been a source of annoyance to wholesalers in particular. The provision requiring such labeling appears not to be strictly adhered to, and it is difficult of enforcement. It is our belief that the requirement does not serve any substantial purpose, particularly in those instances where it is known to the consignee that the labels will be removed, and that a more wholesome attitude toward the law in general will be maintained if the amendment is made. Certain safeguards, however, are necessary to prevent abuse, and it is believed these are provided in the requirement that consent of the consignee be obtained. This amendment also coordinates section 203 (b) with proposed new section 201 (i).

11. Section 204

Amend this section to read as follows :

"The use of a disclaimer, limited warranty, or nonwarranty clause in any invoice, advertising, labeling, or written, printed, or graphic matter, pertaining to any seed shall not constitute a defense, or be used as a defense in any way, in any prosecution or other proceeding brought under the provisions of this Act, or the rules and regulations made and promulgated thereunder. Nothing in this section is intended to preclude the use of a disclaimer, limited warranty, or nonwarranty clause, as a defense in any proceeding not brought under this Act."

It has been contended that the wording of section 204 of the Federal Seed Act has encouraged civil action for the recovery of damages due to crop losses on the grounds that such crop losses were a result of inferiority of the seed. This apparently was not the intention of section 204 and the additional wording provided by the proposed amendment is intended primarily to clarify this.

12. Section 301 (a)

Add the following :

"(4) any seed containing 10 per centum or more of any vegetable seeds unless the invoice pertaining to such seed and any other labeling of such seed bear the name of each kind and variety of vegetable seed present."

Section 201 (b) of the act requires the labeling of vegetable seed in interstate commerce to show the name of the kind and variety. Similar labeling of importations of vegetable seed is necessary in order that such seed may be properly labeled when it moves into interstate commerce. Experience indicates the need for protection for the importer and American agriculture against misrepresentation as to varietal characteristics.

13. Section 302 (a)

Amend section 302 (a) by inserting the words "owner or" before the word "consignee" wherever the latter appears except in the two provisos therein.

Delete the provisos and substitute therefor the following :

"*Provided*, That the Secretary of the Treasury may authorize the delivery of seed or screenings which are being imported or offered for import to the owner or consignee thereof, pending decision as to the admission of such seed or screenings and for staining, cleaning, labeling, or other reconditioning if required to bring such seed or screenings into compliance with the provisions of this Act, upon the execution by such owner or consignee of a good and sufficient bond conditioned upon redelivery of the seed or screenings upon demand unless redelivery is waived because the seed is reconditioned to bring it into compliance with this Act or is destroyed under Government supervision under this Act, and providing for the payment of such liquidated damages in the event of default as may be required pursuant to regulations of the Secretary of the Treasury: *And provided further*, That all expenses incurred by the United States (including travel, per diem or subsistence, and salaries of officers or employees of the United States) in connection with the supervision of staining, cleaning, labeling, other reconditioning, or destruction, of seed or screenings under this title shall be reimbursed to the United States by the owner or consignee of the seed or screenings, and such reimbursement shall be recredited to the appropriation from

which the expenses were paid, the amount of such expenses to be determined in accordance with joint regulations under section 402 of this Act, and all expenses in connection with the storage, cartage, and labor on the seed or screenings which are refused admission or delivery, shall be paid by the owner or consignee, and in default of such payment shall constitute a lien against future importations made by such owner or consignee."

The addition in section 302 (a) of references to the "owner" before the word "consignee" would provide for notification of either the owner or the consignee of seed or screenings being imported or offered for import of the delivery of samples to the Secretary of Agriculture for examination under the Federal Seed Act and would make corresponding changes in certain other provisions of the section prescribing procedure relating to importations. These changes are deemed desirable to conform such provisions with language now in the second proviso of section 302 (a) which it is proposed to retain in the suggested amendment of such proviso. The change in the first proviso would bring the wording of the act in line with practices generally followed with other commodities illegally placed into consumption.

Supervision is required of the staining, cleaning, labeling, or other reconditioning of imported seed subjected to such treatment in order to gain admission into the commerce of the United States, and of the destruction of seed or screenings denied entry and not exported. Importers have paid for the cost of travel required to perform such supervision. The amount of time devoted to this work has been increasing and has placed a substantial burden upon Federal employees in some of the field offices. It would seem businesslike to require the reimbursement of the Government for the time required. However, it is not clear that the statute as now worded provides the necessary authority.

It is proposed that the second proviso of the section be amended to authorize charging the owners or consignees of seed or screenings for all costs to the Federal Government incident to supervision required under the Federal Seed Act with respect to such commodities refused admission and that the funds be credited to the appropriation made for the administration of the act.

14. Section 302

Further amend section 302 by adding at the end thereof a new subsection (d) to read:

"(d) The provisions of this title prohibiting the importation of seed that is adulterated or unfit for seeding purposes shall not apply—

"(1) when seed grown in the United States is returned from a foreign country without having been admitted into the commerce of any foreign country: *Provided*, That there is satisfactory proof as provided for in the joint rules and regulations prescribed under section 402 of this Act, that the seed was grown in the United States and was not admitted into the commerce of a foreign country and was not commingled with other seed, or

"(2) when seed is imported for sowing for experimental or breeding purposes and not for sale: *Provided*, That declarations are filed, and importations are limited in quantity, as provided for in the rules and regulations prescribed under section 402 of this Act, to assure that the importations are for experimental or breeding purposes."

There is no provision in the Federal Seed Act that specifically exempts from its import provisions seed grown in the United States when such seed has been shipped to a foreign country and is returned not having been admitted into the commerce of the foreign country. If upon return to the United States such seed is found to be of a quality below that established in the act, it is not clear whether its destruction becomes compulsory. The import provisions of the act relating to seed considered to be adulterated or unfit for seeding purposes were undoubtedly intended to control the importation of seed produced in foreign countries. It therefore seems desirable to provide authority whereby the American exporter may have returned to him seed which otherwise would be excluded from any country and therefore be a total loss.

The importation of seed for experimental or breeding purposes is often desirable even though the particular seed involved may be below the present standards established under the act. Provision for the importation of such seed for experimental or breeding purposes with proper safeguards to avoid abuses seems desirable.

15. Section 306

Add a new subsection (c) to read :

"(c) To make any false or misleading prepresentation with respect to any seed subject to this title being imported into the United States or offered for import: *Provided*, That this subsection shall not be deemed violated by any person if the false or misleading representation is the name of a variety indistinguishable in appearance from the seed being imported or offered for import and the records and other pertinent facts reveal that such person relied in good faith upon representations with respect to the name of the indistinguishable variety made by the shipper of the seed."

The proposed amendment to section 306 would afford control that does not now exist in the Federal Seed Act over false representation. The present control in section 301 for denial of entry to seed having false or misleading labeling must be applied at the time the seed is offered for importation and does not provide for any action after the seed has been released into domestic commerce. Factors such as variety that materially affect the value of seed can only be determined in many instances when the seed is grown under field or greenhouse conditions, and it does not seem practical to withhold seed from the market while such determinations are being made. Accordingly, in the administration of section 301 it is frequently necessary to rely upon representations made by the importers with respect to seed offered for importation. The proposed amendment of section 306 would permit prosecution if these representations or any others made to the Government or to any person with respect to seed being imported or offered for import under the act are false or misleading.

The proviso takes into consideration the fact that an importer may innocently rely upon the foreign shipper's representation with respect to the variety of seed which is indistinguishable as to variety on the basis of seed characteristics. This same principle is applied in domestic commerce by virtue of the wording of section 203 (d) of the Federal Seed Act.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman) :

FEDERAL SEED ACT

TITLE I—DEFINITIONS

SEC. 101 (a) When used in this Act—

* * * * *

(7) The term—

(A) "Agricultural seeds" shall include grass, forage, and field crop seeds, as follows :

* * * * *

Beta vulgaris L.—Field beet **[**, excluding sugar beet**]**.

* * * * *

(24) The term "treated" means given an application of a substance or subjected to a process designed to reduce, control, or repel disease organisms, insects or other pests which attack seeds or seedlings growing therefrom.

(25) The term "seed certifying agency" means (A) an agency authorized under the laws of a State, Territory, or possession, to officially certify seed, or (B) an agency of a foreign country determined by the Secretary of Agriculture to adhere to procedure and standards for seed certification comparable to those adhered to generally by seed certifying agencies under (A).

Sec. 102. Any labeling, advertisement, or other representation subject to this Act which represents that any seed is certified or registered seed shall be deemed to be false in this respect unless (a) it has been determined by a seed certifying agency that such seed was produced, processed, and packaged, and conformed to standards of purity as to kind or variety, in compliance with the rules and regulations of such agency pertaining to such seed, and (b) the seed bears an official label issued for such seed by a seed certifying agency stating that the seed is certified or registered.

TITLE II—INTERSTATE COMMERCE

SEC. 201. It shall be unlawful for any person to transport or deliver for transportation in interstate commerce—

(a) Any agricultural seeds or any mixture of agricultural seeds for seeding purposes, unless each container bears a label giving the following information in accordance with rules and regulations prescribed under section 402 of this Act:

* * * * *

(8) For each agricultural seed, in excess of 5 per centum of the whole, stated in accordance with paragraph (a) (1) of this section, *and each kind or variety or type of agricultural seed shown in the labeling to be present in a proportion of 5 per centum or less of the whole, (A) percentage of germination, exclusive of hard seed, (B) percentage of hard seed, if present, and (C) the calendar month and year the test was completed to determine such percentages;*

* * * * *

(b) Any vegetable seeds, for seeding purposes, in containers, unless each container bears a label giving the following information in accordance with rules and regulations prescribed under section 402 of this Act;

(1) Name of each kind and variety of seed *and if two or more kinds or varieties are present, the percentage of each;*

(2) For **[seeds]** each variety of vegetable seed which germinate less than the standard last established by the Secretary of Agriculture, as provided under section 403 (c) of this Act—

(i) percentage of germination, exclusive of hard seed;

(ii) percentage of hard seed, if present;

(iii) the calendar month and year the test was completed to determine such percentages;

(iv) the words "Below Standard"; and

* * * * *

(i) *Any agricultural seeds or any mixture thereof or any vegetable seeds or any mixture thereof, for seeding purposes, that have been treated, unless each container thereof bears a label giving the following information and statements in accordance with rules and regulations prescribed under section 402 of this Act:*

(1) *A word or statement indicating that the seeds have been treated;*

(2) *The commonly accepted coined, chemical (generic), or abbreviated chemical name of any substance used in such treatment;*

(3) *If the substance used in such treatment in the amount remaining with the seeds is harmful to humans or other vertebrate animals, an appropriate caution statement approved by the Secretary of Agriculture as adequate for the protection of the public, such as "Do not use for food or feed or oil purposes": Provided, That the caution statement for mercurials and similarly toxic substances, as defined in said rules and regulations, shall be a representation of a skull and crossbones and a statement such as "This seed has been treated with POISON", in red letters on a background of distinctly contrasting color; and*

(4) *A description of any process used in such treatment, approved by the Secretary of Agriculture as adequate for the protection of the public.*

SEC. 202. All persons transporting, or delivering for transportation, in interstate **[commerce agricultural]** commerce, agricultural seeds shall keep for a period of three years a complete record of origin, germination, and purity of each lot of such agricultural **[seed offered, and the]** seeds, and all persons transporting, or delivering for transportation, in interstate commerce, vegetable seeds shall keep for a period of three years a complete record of germination and variety of such vegetable seeds. The Secretary of Agriculture, or his duly authorized agents, shall have the right to inspect such records for the purpose of the effective administration of this Act.

SEC. 203. * * *

(b) The provisions of section 201 (a) [or (b)], (b), or (i) shall not apply—

(1) to seed grain not intended for seeding purposes when transported or offered for transportation in ordinary channels of commerce usual for such seed or grain intended for manufacture or for feeding; or

(2) to seed intended for seeding purposes when transported or offered for transportation in interstate commerce—

(A) if in bulk, in which case, however, the invoice or other records accompanying and pertaining to such seed shall bear the various statements required for the respective seeds under section 201 (a) [and (b)], (b), and (i); or

(B) if in containers and in quantities of twenty thousand pounds or more: *Provided, That (i) the omission from each container of the information required under sections 201 (a), (b), and (i) is with the knowledge and consent of the consignee prior to the transportation or delivery for transportation of such seed in interstate commerce, (ii) each container shall have stenciled upon it or bear a label containing a lot designation, and (iii) the invoice or other records accompanying and pertaining to such seed shall bear the various statements required for the respective seeds under section 201 (a), (b), and (i); or*

[(B)] (C) if consigned to a seed cleaning or processing establishment, to be cleaned or processed for seeding purposes: *Provided, That (i) this fact is so stated in the invoice or other records accompanying and pertaining to such seed* [] *if the seed is in bulk* [] *or on attached labels, if in containers:* [] *or if the seed is in containers and in quantities of twenty thousand pounds or more, (ii) this fact is so stated on attached labels if the seed is in containers and in quantities less than twenty thousand pounds, and (iii) [Provided further, That] any such seed later to be labeled as to origin and/or variety* [] *and for which consecutive records are necessary to establish these facts,* [] *shall be labeled as to [these items] origin and/or variety in accordance with rules and regulations prescribed under section 402 of this Act.*

* * * * *

SEC. 204. The use of a [disclaimer] *disclaimer, limited warranty, or nonwarranty clause in any invoice, advertising, labeling, or written, printed, or graphic matter, pertaining to any seed shall not constitute a defense, or be used as a defense in any way, in any [prosecution, or in any proceeding for confiscation of seeds,] prosecution or other proceeding brought under the provisions of this Act, or the rules and regulations made and promulgated thereunder. Nothing in this section is intended to preclude the use of a disclaimer, limited warranty, or nonwarranty clause as a defense in any proceeding not brought under this Act.*

* * * * *

TITLE III—FOREIGN COMMERCE

SEC. 301. (a) The importation into the United States is prohibited of—

* * * * *

(4) *any seed containing 10 per centum or more of any vegetable seeds unless the invoice pertaining to such seed and any other labeling of such seed bear the name of each kind and variety of vegetable seed present.*

SEC. 302. (a) The Secretary of the Treasury shall deliver to the Secretary of Agriculture, subject to joint rules and regulations prescribed under section 402 of this Act samples of seed and screenings which are being imported into the United States, or offered for import, giving notice thereof to the owner or consignee, and if it appears from the examination of such samples that any seed or screenings offered to be imported into the United States are subject to the provisions of this title and do not comply with the provisions of this title, or if the labeling of such seed is false or misleading in any respect, such seed or screenings shall be refused admission, and the Secretary of the Treasury shall refuse delivery to the owner or consignee, who may appear, however, before the Secretary of Agriculture and show cause why the seed or screenings should be admitted. Seed or screenings refused admission and not exported by the owner or consignee within twelve months from the date of notice of such refusal shall be destroyed in accordance with joint rules and regulations prescribed under section 402 of this Act: [Provided, That the Secretary of the Treasury may

deliver to the consignee such seed or screenings pending examination and decision in the matter or for staining, if it be seed which is required to be stained, or for cleaning, on the execution of a redelivery bond for such amount as may be necessary under joint rules and regulations prescribed under section 402 of this Act, and on refusal to return such seed or screenings for any cause to the custody of the Secretary of the Treasury, when demanded, for the purpose of excluding such seed or screenings from the country, or for any other purpose, said consignee shall forfeit the full amount of the bond as liquidated damages: *And provided further*, That all charges for storage, cartage, and labor on the seed or screenings which are refused admission or delivery, shall be paid by the owner or consignee, and in default of such payment shall constitute a lien against future importation made by such owner or consignee. *Provided*, That the Secretary of the Treasury may authorize the delivery of seed or screenings which are being imported or offered for import to the owner or consignee thereof, pending decision as to the admission of such seed or screenings and for staining, cleaning, labeling, or other reconditioning if required to bring such seed or screenings into compliance with the provisions of this Act, upon the execution by such owner or consignee of a good and sufficient bond conditioned upon redelivery of the seed or screenings upon demand unless redelivery is waived because the seed is reconditioned to bring it into compliance with this Act or is destroyed under Government supervision under this Act, and providing for the payment of such liquidated damages in the event of default as may be required pursuant to regulations of the Secretary of the Treasury: *And provided further*, That all expenses incurred by the United States (including travel, per diem, or subsistence, and salaries of officers or employees of the United States) in connection with the supervision of staining, cleaning, labeling, other reconditioning, or destruction, of seed or screenings under this title shall be reimbursed to the United States by the owner or consignee of the seed or screenings, and such reimbursements shall be recredited to the appropriation from which the expenses were paid, the amount of such expenses to be determined in accordance with joint regulations under section 402 of this Act, and all expenses in connection with the storage, cartage, and labor on the seed or screenings which are refused admission or delivery, shall be paid by the owner or consignee, and in default of such payment shall constitute a lien against future importations made by such owner or consignee.

* * * * *

(d) The provisions of this title prohibiting the importation of seed that is adulterated or unfit for seeding purposes shall not apply—

(1) when seed grown in the United States is returned from a foreign country without having been admitted into the commerce of any foreign country: *Provided*, That there is satisfactory proof as provided for in the joint rules and regulations prescribed under section 402 of this Act, that the seed was grown in the United States and was not admitted into the commerce of a foreign country and was not commingled with other seed, or

(2) when seed is imported for sowing for experimental or breeding purposes and not for sale: *Provided*, That declarations are filed, and importations are limited in quantity, as provided for in the rules and regulations prescribed under section 402 of this Act, to assure that the importations are for experimental or breeding purposes.

Sec. 306. It shall be unlawful for any person—

* * * * *

(e) To make any false or misleading representation with respect to any seed subject to this title being imported into the United States or offered for import: *Provided*, That this subsection shall not be deemed violated by any person if the false or misleading representation is the name of a variety indistinguishable in appearance from the seed being imported or offered for import and the records and other pertinent facts reveal that such person relied in good faith upon representations with respect to the same of the indistinguishable variety made by the shipper of the seed.

Mr. HEIMBURGER. We have witnesses from the Department on that.

The CHAIRMAN. Has the bill passed the Senate—a similar bill?

Mr. KOENIG. The bill has passed the Senate.

It is S. 1939—an identical bill. The Department initiated the introduction of both the Senate and House bills, and the purpose was to amend the Federal Seed Act so that it will make certain changes to

relieve the industry of unnecessary burdens, strengthen certain provisions and clarify others.

The legislation that is proposed is made on the experience of operating under the Federal Seed Act which was enacted in 1939, and is designed to correct certain abuses in the merchandising of agricultural and vegetable seeds in interstate commerce and to prevent the importation of seeds adulterated or mislabeled or unfit for sowing purposes.

The provisions pertaining to interstate commerce required detailed labeling and provide basically for truth in labeling and advertising so there may be fair dealing in seed and so the farmer and gardener shall have guidance and protection. The interstate provisions of the act are enforced with the cooperation of State seed officials and over 400 State seed inspectors at no direct cost to the Federal Government.

We have very excellent cooperative relationships with the States in the administration of this act in cooperation with all of the elements of the seed industry, and some of the organizations of the seed industry are, I understand, represented here today.

The bill is supported by the Association of Official Seed Analysts, Association of American Seed Control Officials, and the American Seed Trade Association, and others.

Mr. Heckendorn who is Secretary of the American Seed Trade Association is here today, and Mr. Ulvin, president of the Seed Control Officials Association is, also, here.

I have with me, Mr. Chairman, Mr. Stanley F. Rollin of our Seed Branch, Grain Division, of the Agricultural Marketing Service, and if there are any technical questions I am sure Mr. Rollin would be glad to answer them.

(The complete statement is as follows:)

STATEMENT OF UNITED STATES DEPARTMENT OF AGRICULTURE ON PROPOSED AMENDMENTS TO THE FEDERAL SEED ACT—S. 1939 AND H. R. 10902

The Federal Seed Act of August 9, 1939, was designed to correct certain abuses in the merchandising of agricultural and vegetable seed in interstate commerce and to prevent the importation of seed that is adulterated, mislabeled, or unfit for sowing purposes. The provisions pertaining to interstate commerce require detailed labeling and provide basically for truth in labeling and advertising so there may be fair dealing in seed and so the farmer and gardener shall have guidance and protection. The interstate provisions of the act are enforced with the cooperation of State seed officials and over 400 State seed inspectors at no direct cost to the Federal Government. The import provisions are enforced with the cooperation of the Treasury Department. Experience in the administration of the act indicates that certain changes can be made to relieve the industry of unnecessary burdens, certain provisions should be strengthened, and others need clarification. These provisions would add to the cost of administering the act by approximately \$70,000 annually. It is estimated that 10 additional employees would be required. All of these proposed amendments have been discussed at considerable length with State officials and seed dealers and have their support.

The proposed amendments, if adopted as set forth in S. 1939 and H. R. 10902, would have the following effect:

Section 1 would amend section 101 of the act to make sugar beet seed subject to the act. State seed officials in the sugar beet seed-producing States and in the seed-using States have requested that sugar beets be included in the list of seeds subject to the act. They advise that noxious-weed seeds have been disseminated in sugar beet seed and that sugar beet seed delivered to the growers is not always of the desired quality either as to purity or germination. The proposed change is for the protection of farmers who produce sugar beets.

Section 2 would amend section 101 of the act to define the word "treated" to support the newly proposed amendment to section 201 of the act providing for the labeling of treated seed.

Section 3 would amend section 101 of the act to define the term "seed certifying agency" to support the newly proposed section 102 of the act providing for the manner of labeling "certified" and "registered" seed. Approximately 35 States have seed-certifying agencies falling within this definition.

Section 4 would add a new section 102 to the act to define what is false labeling or advertising as it pertains to "certified" and "registered" seed. This section is believed necessary to properly protect the increasing volume of certified and registered seed in commercial channels. It is the intent that whether the seed can properly be represented as "certified" or "registered" depends upon whether the agency has determined and certified by use of a label that the requirements for certified seed or registered seed have been met. When determining whether seed is eligible, the State seed certifying agencies consider factors of quality other than purity as to kind or variety. It is the intent that this proposed amendment would not in any way alter this procedure. The act provides that these factors of quality shall be truthfully shown in the labeling of agricultural seed. It is the intent that the interstate shipper will be responsible for this labeling. The responsibility for error in representation as to purity of kind and variety is controlled by the provisions of section 203 (d) of the act.

Section 5 would amend section 201 (a) (8) of the act to require that if a kind, kind and variety, or kind and type of seed, present to the extent of 5 percent or less, is shown on the label voluntarily, the germination percentage and date of test shall also be shown. The act does not require that seeds present to the extent of less than 5 percent be shown on the label but when such percentages are shown it is believed that the consumer should also be informed as to its germination.

Sections 6 and 7 would amend section 201 (b) (1) and (2) of the act to permit mixtures of vegetable seeds to be shipped in interstate commerce and be labeled in compliance with the act. The act does not now provide for labeling such mixtures and therefore is interpreted as prohibiting such shipments in interstate commerce. This does not seem to be consistent with the fundamental principle of the act which permits the shipment of seed of any quality provided it is truthfully labeled. A number of seedsmen have voiced objection to the restriction against the sale of mixtures on the grounds that there is a consumer demand for mixtures of certain kinds of vegetable seeds.

Section 8 would add to section 201 of the act a new subsection to regulate the labeling of seed treated to control or repel plant diseases or insect pests. The increased use of chemicals to control plant diseases and insect pests has created the need to caution the consumer against injury to health which might result from the handling of treated seed or the use of such seed for food or feed purposes. Several States have enacted legislation designed to caution consumers in circumstances where seed for planting purposes has been so treated. Increased use of these substances, including poisonous chemicals, to control or repel plant diseases or insect pests, is beneficial from the standpoint of more efficient agricultural production, and it is not the desire that the practice be discouraged. This provision is not in conflict with the Federal Insecticide, Fungicide, and Rodenticide Act nor will the action taken under such provision duplicate activities under said act.

Section 9 would amend section 202 of the act to require interstate shippers of vegetable seed to keep records as is now required for agricultural seeds. Most vegetable seed dealers keep such records now without the requirement; however, the lack of authority to require that such records be kept and made available for inspection has been an obstacle at times to proper administration of the act.

Section 10 would amend section 203 (b) and paragraph 2 of section 203 (b) of the act to avoid the necessity of placing on each container of seed shipped in interstate commerce in large quantities a label which the consignee does not wish to use. It often occurs that seed so shipped is blended with other seed making relabeling necessary or, in instances where blending or further processing is not performed, the consignee desires to place his own labels upon the bags. This has been a source of annoyance to wholesalers in particular. The provision requiring such labeling appears not to be strictly adhered to, and it is difficult of enforcement. It is our belief that the requirement does not

serve any substantial purpose, particularly in those instances where it is known to the consignee that the labels will be removed, and that a more wholesome attitude toward the law in general will be maintained if the amendment is made. Certain safeguards, however, are necessary to prevent abuse, and it is believed these are provided in the requirement that consent of the consignee be obtained and the containers be identified. This amendment also coordinates section 203 (b) dealing with seed for processing with proposed new section 201 (i) requiring labeling of treated seed.

Section 11 would amend section 204 of the act to clarify the wording with respect to the use of a disclaimer, limited warranty, or nonwarranty clause. It has been contended that the wording of section 204 of the act has encouraged civil action for the recovery of damages due to crop losses on the grounds that such crop losses were a result of inferiority of the seed. This apparently was not the intention of section 204 when the act was originally passed.

Section 12 would add to section 301 (a) of the act a subsection requiring the labeling of imported vegetable seed as to kind and variety. Section 201 (b) of the act requires the labeling of vegetable seed in interstate commerce to show the name of the kind and variety. Similar labeling of importations of vegetable seed is necessary in order that such seed may be properly labeled when it moves into interstate commerce. Experience indicates the need for protection for the importer and American agriculture against misrepresentation as to varietal characteristics.

Section 13 would amend section 302 (a) of the act to provide for notification of either the owner or the consignee, of seed or screenings being imported or offered for import, of the delivery of samples to the Secretary of Agriculture for examination under the act and would make corresponding changes in certain other provisions of the section prescribing procedure relating to importations. These changes are deemed desirable to conform such provisions with language now in the second proviso of section 302 (a). The change would bring the wording of the act in line with practices generally followed with other commodities illegally placed into consumption. Supervision is required of the staining, cleaning, labeling, or other reconditioning of imported seed subjected to such treatment in order to gain admission into the commerce of the United States, and of the destruction of seed or screenings denied entry and not exported. Importers have paid for the cost of travel required to perform such supervision. The amount of time devoted to this work has been substantial at times and has placed a heavy burden upon Federal employees in some of the field offices. It would seem businesslike to require the reimbursement of the Government for the time required. However, it is not clear that the statute as now worded provides the necessary authority. It is proposed that the second proviso of the section be amended to authorize charging the owners or consignees of seed or screenings for all costs to the Federal Government incident to supervision required under the act with respect to such commodities refused admission and that the funds be credited to the appropriation made for the administration of the act. It is not possible to accurately predict the costs of such supervision in advance in order to request appropriations for this purpose. Consequently, an unusually heavy workload is financed at the cost of other responsibilities under the act.

Section 14 would amend section 302 of the act by adding a new subsection to provide authority whereby American exporters may have returned to them seed shipped to a foreign country and not admitted into the commerce of said country. There is no provision in the Federal Seed Act that specifically exempts from its import provisions seed grown in the United States when such seed has been shipped to a foreign country and is returned. If, upon return to the United States, such seed is found to be of a quality below that established in the act, it is not clear whether its destruction becomes compulsory. The import provisions of the act relating to seed considered to be adulterated or unfit for seeding purposes were undoubtedly intended to control the importation of seed produced in foreign countries. It, therefore, seems desirable to provide authority whereby the American exporter may have returned to him seed which otherwise would be excluded from any country and would be a total loss.

Section 14 would also amend section 302 of the act to provide for importation of seed for experimental or breeding purposes even though the particular seed involved may be below the minimum standards of quality established under the act. It is intended that proper safeguards to avoid any abuses will be established by regulation.

Section 15 would amend section 306 of the act by adding a subsection to provide for control over false representations made regarding imported seed. The present control in section 301 for denial of entry to seed having false or misleading labeling must be applied at the time the seed is offered for importation and does not provide for any action after the seed has been released into domestic commerce. Factors, such as variety, that materially affect the value of seed can only be determined in many instances when the seed is grown under field or greenhouse conditions. It does not seem practical to withhold seed from the market while such determinations are being made. Accordingly, in the administration of section 301 it is frequently necessary to rely upon representations made by the importers with respect to seed offered for importation. The proposed amendment of section 306 would permit action under the act if these representations or any others made to the Government or to any person with respect to seed being imported or offered for import under the act are false or misleading.

The proviso takes into consideration the fact that an importer may innocently rely upon the foreign shipper's representation with respect to the variety of seed which is indistinguishable as to variety on the basis of seed characteristics. This same principle is applied in domestic commerce by virtue of the wording of section 203 (d) of the act.

The CHAIRMAN. Mr. Hoeven?

Mr. HOEVEN. The Department of Agriculture approves the bill?

Mr. KOENIG. The Department of Agriculture officially proposed it. There is an executive communication; yes, sir.

Mr. HOEVEN. You are in favor of the legislation and so is the seed industry?

Mr. KOENIG. Yes.

Mr. HOEVEN. Do you know of anyone opposed?

Mr. KOENIG. We haven't heard of any.

Mr. HILL. You do not include sugar-beet seed as such?

Mr. KOENIG. No; sugar-beet seed is included.

Mr. HILL. You left sugar-beet seed out.

Mr. KOENIG. It is included, Mr. Hill. I recall last week, I think it was, we received a letter from you with reference to some questions that were raised about sugar-beet seed, to which you attached a memorandum from some unidentified individual, I suppose. We replied to that, that is, Mr. Don Paarlberg, Assistant Secretary, wrote a letter dated June 26, I think, in which we went right down the line on the various points that were raised in that memorandum and gave you our best answers to that. I have a copy of that letter here.

It all boils down to this, that, apparently there has been some misinterpretation of what is sought through these amendments is, I believe, evidenced by the memorandum and I hope that the letter gave you a satisfactory answer to clarify that misapprehension.

Mr. HILL. In other words, sugar beet seed as such in Colorado is not sold on the market as seed to the public. It is only sold to growers who are under contract to grow the seed?

Mr. KOENIG. There may be some sugar beet seed sold. There isn't anything to prevent the sale of sugar beet. There isn't anything to prevent sugar beet seed from being sold anywhere in the United States in unlabeled form.

And some of the States seed control officials have found that in sugar beet seed that is not subject to the protection of the seed control legislation, either Federal or State, that there is a considerable amount of noxious weed seed in that. There has been considerable concern over this problem. That is why sugar beet seed is covered.

Some of the States in their State legislation cover sugar beet seed

specifically or through the interpretation of the term "agricultural seed."

There isn't any particular hardship on the suppliers of that seed. The same type of operation, Mr. Hill, that the sugar beet mills carried on in the making of seed available to their growers is carried on in the case of the canning of sweet corn, for example, and beans. Those operators have no difficulty under the Seed Act.

Mr. HILL. Thank you.

Mr. KOENIG. It does not impose any hardship on them.

The CHAIRMAN. Are there any further questions?

Mr. HARVEY. I simply would like to add my commendation to this particular piece of legislation as a seed man of many years' experience.

I have examined this piece of legislation, and would like to endorse it. It is a good bill.

And I have, also, conferred with many people who are far more qualified than I in the seed field and have found numerous agreements among those people. So I think we are safe in approving this.

Mr. HILL. I notice from the report, a report on the bill, that it suggests some improving amendments. Do you have some amendments from the Department?

Mr. KOENIG. Not at this time.

The CHAIRMAN. The amendments that have been proposed are already in the bill, are they not?

Mr. KOENIG. That was in the House bill.

Mr. HEIMBURGER. The Senate bill contains the amendments that they referred to.

Mr. KOENIG. There was just a comma misplaced and that is in the House bill. And if you consider and act on the Senate bill that problem will not arise.

Mr. HILL. That is what I had in mind.

The CHAIRMAN. Thank you, Mr. Koenig.

Mr. KOENIG. Thank you.

The CHAIRMAN. Let us hear from Mr. Heckendorn now.

Will you identify yourself, please, for the record and members of the committee?

STATEMENT OF WILLIAM HECKENDORN, EXECUTIVE SECRETARY, AMERICAN SEED TRADE ASSOCIATION

Mr. HECKENDORN. Mr. Chairman, my name is William Heckendorn. I am the executive secretary of the American Seed Trade Association with headquarters in Chicago, Ill.

There are, approximately, 700 members of the American Seed Trade Association, engaged in production conditioning and distribution of all kinds of seed. I am not going to discuss all features of the bill because of the remarks that have already been made by Mr. Koenig from the Department of Agriculture.

I do want to emphasize the fact that the American Seed Trade Association has cooperated with the Association of American Seed Control Officials. The Association of Official Seed Analysts, and International Crop Improvement Association, and we have discussed

provisions of the bill with various members of farm organization. It has been a matter of give and take in developing the bill that is before you today.

I am quite anxious to see it passed because it has been introduced in various sections of the Congress, and we are very much indebted to you, Mr. Chairman, for introducing it in this session, and we hope it will progress to final passage.

The CHAIRMAN. It goes as far back as 1953.

Mr. HECKENDORN. It does. The sections of the bill, just to emphasize the industry's position on some of these matters, this bill will bring a law which was enacted in 1939 up to date. In this ever-changing world we have today we do not suppose the amendments that this bill contains are going to fix it forever, but there will be additional amendments that we will have to present from time to time, and we hope to present them in the same manner that we have used in agreeing upon the amendments that should be in this particular bill.

But section 2-101-a as defined on pages 1 and 2, paragraph 24, together with section 8, 8-201, page 4, do something that is very basic-ally needed.

Over the years there have been improvements in processing seed and conditioning it so that it will do a better job for the farmer when he plants it. And this has been brought about by research of our agricultural colleges primarily. They have found by the use of certain treatment that seed can be protected so that when it is planted it will not deteriorate in the soil and harmful insects in the soil will not attack it.

So it was necessary then for the seed industry to become engaged in treating seed for planting purposes.

But at the same time it was necessary for us to use precautions to see that seed once treated for planting purposes did not get in channels of commerce for food. So this section is designed to control the commerce in seed that has been treated. And while we have for years been doing what this section of the law requires, it does not spell it out as definitely as would be done through legislation. So section 2 defines a definition of treated seed, and section 8, defines the procedure for labeling the treated seed.

The next section in which we are particularly interested is section 7, which is part of section 201-B-2, pages 3 and 4, which deals with the labeling of mixtures of vegetable seeds. Over the years with the development of hybrids of different maturities we first began blending different maturities of hybrid sweet corn, primarily for the home gardner.

The canner does not want different maturities all in the same field. But for the home gardner it was a convenience. But we found that we were violating the Federal Seed Act when we blended them and were cited for doing it because the act defines as it is now written, and requires that the label be truthful, and one of the very important features for anyone using seed is to know whether or not it is a mixture and whether or not it is going to mature at the same time.

This enabling legislation will permit us to blend different maturities and so label, so that if it should get into channels of commerce other than the home gardener they will be aware of such labeling. The labeling will tell them that they do have sweet corn of dif-

ferent maturities. There are some who believe that the blending of other vegetables together would be desirable. We are not convinced that it would go much farther than sweet corn, but it would enable others to do so, but they would have to truthfully label the seed as to the blend and as to the germination of each part of the blend.

The final section of the bill in which we are particularly interested and my explanation of that which pertains to section 10 (a) which is part of section 253 (b), on pages 5 and 6. This is an enabling amendment which will permit us to omit the detailed labeling on large lots of seed. At the present time under the act we are supposed to label if we have a car going out to a reconditioning station or a repackaging station, we will say 600 bags of seed, it is necessary that we label each one of those bags of seeds with detailed labeling.

Well the labeling is taken off when it reaches its destination and new ones are placed on it because it may be wrong end up and put in smaller packages. This would enable us to ship feed in interstate commerce where some change is going to take place before it reaches the consumer or before it gets into channels of final distribution.

However, the amendment requires that there accompany the shipment on the invoice and other documents which will permit enforcement officials to carefully check the shipment all the way through to see that identity is maintained and that identity then makes it possible to eliminate the tagging of each bag of seed. So you can see that this is merely a sort of a mechanical procedure to simplify and expedite seed in channels of commerce.

One other reason that we are particularly interested in seeing this act brought up to date which has no direct bearing upon the amendments to the Federal Seed Act but one in which I am sure you will be interested is the fact that for years we have been working with this same group of people that I mentioned earlier on developing what we call a uniform recommended State seed law, and we are hopeful that in time that we will be able to get the States to amend their various State seed laws to be more uniform with the Federal Seed Act. So by amending the Federal Seed Act and bringing it up to date the amendments that we are proposing here, many of them, are embodied in our recommended uniform State seed law.

The CHAIRMAN. We do not have any Federal seed inspection?

Mr. HECKENDORN. Yes; we do.

The CHAIRMAN. We do have?

Mr. HECKENDORN. Maybe I misunderstood your question.

The CHAIRMAN. I have a letter here dated July 1, from a seed man down in Alabama. He points out there are no Federal seed inspections, thus placing the entire responsibility on the State where the seed is mislabeled in interstate commerce and State inspection is needed, because funds are inadequate for protection.

It seems strange that we do not have any Federal seed inspection, when we have a Federal Seed Act.

Mr. HECKENDORN. Yes; we do—we do have Federal seed inspectors. The Department could, probably, answer that better than I can.

The CHAIRMAN. May I ask them.

Do we have Federal seed inspectors?

Mr. KOENIG. Mr. Chairman, we do not have Federal inspectors. We have close working relationships with State seed-control officials. The Department does, however, where violations are found, the Department does carry on the enforcement activity and makes the investigations and carries through the enforcement. The actual inspection work is done through the State agency. And the purpose there is to avoid the duplication of the same type of work.

The CHAIRMAN. Do you extend any contribution to the enforcement?

Mr. KOENIG. That does not cost us a cent.

Mr. HOEVEN. In the light of that information who, for instance, inspects wheat at the ports of embarkation?

Mr. KOENIG. On the imports the Treasury Department does the inspection on imports.

Mr. HOEVEN. What about exports?

Mr. KOENIG. We have no export controls over seed, that is on seed. We have on wheat. We have grade inspection.

Mr. HOEVEN. At the ports of embarkation?

Mr. KOENIG. Yes.

Mr. HOEVEN. As distinguished from seed?

Mr. KOENIG. Yes.

The CHAIRMAN. Are there any further questions?

Mr. HARVEY. I might say in further answer to that, we do have a sort of international agreement with most of the major seed-producing countries of the world, and there is an acceptance between these countries. For example, Australia has an adequate standard of seed inspection and certification and we have reciprocity with them. So to that extent we are able to carry out a program of international approval or certification.

The CHAIRMAN. The matter was brought to my attention by this letter that I just referred to, and it seemed rather strange that we would have a Federal seed law and yet nobody to enforce it.

Mr. HECKENDORN. May I comment on that? Under the Federal Seed Act the Federal Seed Act provides for the enforcement of the noxious weed requirements of the various statements. Under the act there is no list of either primary or secondary noxious weeds. But the act provides for the enforcement of the noxious weed section of the State seed law into which the seed is shipped.

So in exchange for endorsing that provision they have a cooperative agreement with the respective States where they do the sampling. So there is an exchange there.

And from our point of view, of course, all of these State inspectors are, also, Federal inspectors because they can sample and they can cite any violation to the Federal Government and the Federal Government picks up the prosecution.

The CHAIRMAN. All right.

Are there any further questions?

Mr. MCINTIRE. Mr. Chairman, in the report which accompanies the Senate bill it says in the opening statement:

This bill makes a number of changes in the Federal Seed Act to impose labeling requirements on each seed somewhat similar to those imposed on the domestic seed, eliminates exemption for particular kinds of seed—

and so forth.

I just wanted to ask this question for the record: This legislation does not permit the imposing of requirements on imported seed which are more strict than those which are applied to the domestic seed; does it?

Mr. HECKENDORN. A further explanation of that, since the question has come up, would be in order.

There are two very good reasons why we have asked for this particular amendment. One is the position that shippers in the United States sometimes are in when a large shipment of seed is made to a foreign country, and either because of financial circumstances of the party to whom it was consigned, it never enters the channels of commerce of that particular country, and the seed is stranded there. So the shipper from the United States without the permission of bringing it back to this country would be out a very severe financial loss. So this would enable such seed to reenter the United States that had been shipped without ever entering the channels of commerce of the foreign countries to which it had been shipped.

The other provision that is very important to us in America because of our agriculture and the research that is constantly going on, has been the limitation on the amount of seed that could be brought in for experimental purposes. So this also clarifies that provision.

Sometimes seed has germ plasma in it that is very important, although its total germination may fall below the specified standards under which seed is imported into channels of commerce into the United States. So this would enable the industry to bring in seed for experimental purposes even though it fell below the important standard for what we have called a commercial lot.

Mr. McINTIRE. Then do I understand correctly that the standards by which seeds may be imported into the United States from other countries are not changed in this legislation?

Mr. HECKENDORN. They are not changed.

The CHAIRMAN. Are there any further questions? If not, we thank you very much.

Mr. HECKENDORN. Thank you.

Mr. KOENIG. Mr. Ulvin, representing the State feed control officials, I think, intended to follow Mr. Heckendorn.

The CHAIRMAN. All right. We shall be glad to hear from you.

STATEMENT OF ORRION A. ULVIN, SUPERVISOR, SEED INSPECTION, MINNESOTA

Mr. ULVIN. I am supervisor, seed inspection of the State of Minnesota, president of the Association of the American Seed Control Officials.

And also I have served as chairman of the joint legislative committee, American Seed Trade Association, the Association of Official Seed Analysts, International Crop Improvement Association, and the Association of American Seed Control Officials over the past 4 years.

I do not want to take up much of your time. I know you have a lot to do. I will corroborate what other gentlemen have said. So far as the technical part is concerned that has been covered in previous work. I would like to say that over the period of the last—

since 1951 they have been mixed up in this national legislative program, that many of these bills have been introduced, and nothing has ever been done with them. The Federal Seed Act of 1939 needs to be brought up to date, and that is the main purpose of this bill. And all of these organizations that I mentioned in joint conferences of the whole convention and committees have gone on record in favor of it. I have not heard anything controversial in the bill. We have ironed out the differences that exist.

I will briefly say we have had complaints in Minnesota, from sugar beet growers and county inspectors that we should do something about it. We have been unable to do so because the Federal Seed Act does not cover us. And the proposed change in the Minnesota seed law would not help the situation at all without it in the Federal act. That is why we are asking, because most of the seed comes from outside of the United States. We have complaints on the weed seed content in it. So if it is put in the Federal act we will put it in the Minnesota act at the request of our own people.

The CHAIRMAN. We thank you very much.

Mr. ULVIN. Thank you.

Mr. HOEVIN. I move we report out the Senate bill.

The CHAIRMAN. All in favor will indicate it by saying "aye." Opposed "no."

(There was no objection and the Senate bill was ordered reported.)

HOUSE CONCURRENT RESOLUTION 295

The CHAIRMAN. Mr. Christopher, come around, please.

We shall be glad to hear from you.

(H. Con. Res. 295 is as follows:)

[H. Cong. Res. 295, 85th Cong., 2d sess.]

CONCURRENT RESOLUTION

Whereas many of our bravest men and most valiant soldiers were of an agricultural background; and

Whereas the Founding Fathers of this Republic and many of its most eminent leaders were farmers; and

Whereas agriculture has played a dominant role in the rise of our country to greatness; and

Whereas there now exist halls of fame recognizing the glorious past for the baseball player, the cowboy, and others; and

Whereas the ox yoke, the bull-tongue plow, the hand-forged iron kettle, and the sod house represent the evolution of agricultural technology in this country and the difficulties which a determined people faced and successfully overcame in improving their way of life; and

Whereas our American heritage should be preserved and tribute should be paid to the great men and women who over the years have helped to make American agriculture the most productive in the world: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that there be established and maintained, as a memorial to the important role played by agriculture in the development of our Nation, a Hall of Fame for Agriculture, wherein there will be collected and preserved for posterity relics, artifacts, and other evidence and data relating to agriculture and the great contributions it has made and continues to make in the rise to greatness of our country; and the Congress does hereby commend, encourage, and sanction the efforts of any organization which undertakes to establish such a hall of fame.

DEPARTMENT OF AGRICULTURE,
Washington, D. C., June 17, 1958.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in response to your request of May 14 for a report on House Concurrent Resolution 295, a proposed resolution to endorse the efforts of any organization undertaking the establishment of a Hall of Fame for Agriculture.

We believe the establishment of such a Hall of Fame for Agriculture is an altogether worthwhile project for a nonprofit, private organization to sponsor. We believe strongly, however, that the financial support for such a project should be wholly from nongovernment sources. To the best of our knowledge, similar undertakings have all been financed from nongovernment funds.

An area in which Government can most appropriately participate in the recognition of agriculture is through such activities as the museum work of the Smithsonian Institution. This, of course, is work with which the Smithsonian is primarily concerned and we assume your committee will have the advice of that organization. The Department of Agriculture has already expressed its active interest in the recognition of agriculture through these means. In anticipation of the new facilities which are to be constructed for the Smithsonian, the Secretary of Agriculture about 2 years ago urged the Smithsonian Institution to expand its agricultural section. We understand this is to be done in the new quarters and the Department plans to work appropriately with the Institution to that end.

Sincerely yours,

E. T. BENSON.

STATEMENT OF HON. GEORGE H. CHRISTOPHER, A REPRESENTATIVE IN CONGRESS OF THE FOURTH CONGRESSIONAL DISTRICT OF THE STATE OF MISSOURI

MR. CHRISTOPHER. As most of you boys know——

THE CHAIRMAN. I think it might be a good idea for Mr. Heimbürger to read the resolution before you discuss it.

MR. CHRISTOPHER. I would suggest that we leave the "Whereas," and read the last paragraph which really is the whole bill, beginning at line 1 on page 2.

THE CHAIRMAN. All right.

MR. HEIMBURGER. "Resolved by the House of Representatives" is on page 1 of the concurrent resolution:

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that there be established and maintained, as a memorial to the important role played by agriculture in the development of our Nation, a Hall of Fame for Agriculture, wherein there will be collected and preserved for posterity relics, artifacts, and other evidence and data relating to agriculture and the great contributions it has made and continues to make in the rise to greatness of our country; and the Congress does hereby commend, encourage, and sanction the efforts of any organization which undertakes to establish such a hall of fame.

THE CHAIRMAN. Has hall of fame not already taken shape someplace? We had a meeting out in Kansas City the other day.

MR. CHRISTOPHER. Yes, we have had several meetings on this. The organization is perfected. I happen to have the honor of being one of the directors.

THE CHAIRMAN. Yes.

The purpose of this is, as I understand it, to do just what the resolution says, to have the support of the Congress. It does not con-

template any appropriations or any expenditures on the part of the Federal Government.

Mr. CHRISTOPHER. The only thing we are asking for is the prestige of congressional recognition. We are asking now authorization. We are asking for no appropriation. We are asking for the prestige of congressional recognition of the fact that this ought to be done.

The CHAIRMAN. Line 10 in your resolution says, "and sanction the efforts of any organization which undertakes to establish such a hall of fame."

Can you name the particular organization? It seems to me you say "any organization."

You may have half a dozen organizations that might try to establish a hall of fame here and everywhere.

Mr. CHRISTOPHER. As the chairman very well knows it will take money to do that. Organizations are not going to pop up—if I may disagree with the chairman—all over the United States to do this. It takes money.

There is a question in my mind whether even with the prestige that the passage of this resolution would give we will be able to raise enough money to do it very fast, but it is worth a trial.

The CHAIRMAN. My understanding is that you are looking around for sites?

Mr. CHRISTOPHER. Lincoln, Ill., I would say that, Des Moines, Iowa.

The CHAIRMAN. How about Mount Vernon?

Mr. CHRISTOPHER. Topeka, Kans., Denver, Colo., Kansas City, Mo., would be good sites. If agriculture is going to have a hall of fame it should be situated somewhere in the heart of the agricultural region.

The CHAIRMAN. How about Mount Vernon? George Washington was quite a farmer—if you want to put the hall of fame somewhere where people will visit it.

Mr. CHRISTOPHER. Are you inferring that nobody comes to the Central West? I resent that, Mr. Chairman. [Laughter.]

Mr. HOEVEN. The heart of the agricultural section of the country lies, you know where?

Mr. CHRISTOPHER. I think I do.

Mr. HOEVEN. In Iowa.

Mr. CHRISTOPHER. I mentioned Des Moines.

Mr. HILL. Little Rocky Mountain National Park had over 1,250,000 visitors last year.

Just because the chairman lives in North Carolina is no reason in the world why he could not enjoy a trip to Topeka, Kans., or Missouri, or somewhere or into Colorado. You can see the mountains while there. You can catch some trout.

Mr. HOEVEN. Mr. Christopher, who would make the collection of funds?

The CHAIRMAN. They have a committee on that, haven't they?

Mr. CHRISTOPHER. The committee would be appointed to select the site, it would have to be approved by the full committee.

Mr. HOEVEN. Then you and Mr. Cooley would have a voice in selecting the site?

Mr. CHRISTOPHER. We might. We were there, we would have something to say.

The CHAIRMAN. I understand they had a meeting out in Kansas City, Mr. Hoeven, and it is a going concern, they have a high-class type of committee that will pick out the site.

Mr. HOEVEN. Are they forming a corporation to raise the money?

Mr. CHRISTOPHER. I don't think we have gotten that far. That will come later.

Mr. HILL. If the gentleman will yield for a question. You should give the name of the gentleman at Kansas City who is working on this.

Mr. CHRISTOPHER. Mr. Cowden of the Consumers Cooperative Association.

Mr. HILL. I think we should show in our record that he is a fine gentleman, a great American; and if he handles this as he usually handles other organizations with which he has been connected, there will be no question about its success.

The CHAIRMAN. I understand they will establish a corporation, a fund-raising committee, and a site selection committee and start the show on the road. I wonder what you think, I don't know what you will name it, whether it will be the Hall of Fame of Agriculture. We should know the sponsors, the sponsoring organization.

I wonder if you might not want to improve or amend your resolution so that you will insert that?

Mr. HOEVEN. Rather than get involved about organizations, why not say that the Congress commends efforts to establish a hall of fame, and not talk about organizations?

The CHAIRMAN. "Efforts now be made to establish"—wouldn't that help?

Mr. CHRISTOPHER. The resolution is before this committee, and I know that the committee can and will work its will on the resolution—whatever you gentlemen want to report out.

The CHAIRMAN. "Efforts now being made to establish such a hall of fame."

Can you do that?

Mr. HEIMBURGER. I know of no other organizations.

Mr. CHRISTOPHER. I know of no other, and I don't think we will be plagued with another.

The CHAIRMAN. By the time it comes to the floor you can put in a statement and give the progress report as to what has been done.

Mr. CHRISTOPHER. I will be glad to do that.

The CHAIRMAN. Thank you very much.

Mr. HOEVEN. I move adoption of the amendment.

The CHAIRMAN. The vote is on the amendment. All in favor say "aye," opposed "no." The amendment was adopted.

All in favor of reporting the resolution, say "aye," opposed "no." There was no objection.

The resolution was ordered reported.

The CHAIRMAN. Thank you. The committee stands adjourned subject to the call of the Chair.

(Whereupon, at 11:55 a. m., the hearing was adjourned.)

MISCELLANEOUS BILLS

THURSDAY, JULY 17, 1958

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D. C.

The committee met pursuant to call at 10:10 a. m. in room 1310, New House Office Building, Hon. W. R. Poage presiding.

Mr. POAGE. The committee will come to order. The chairman has advised me that he would not be here for a few minutes but will come in for the executive session of the committee which is to follow this open hearing.

H. R. 10614

Mr. POAGE. The committee wants to take up in open session first consideration of a bill by Congressman Herlong, of Florida. Congressman Herlong is a former member of this committee.

He has introduced H. R. 10614, a bill to provide for the conveyance of certain real property in the State of Florida to Sumter County, Fla. (H. R. 10614 is as follows:)

[H. R. 10614, 85th Cong., 2d sess.]

A BILL To provide for the conveyance of certain real property in the State of Florida to Sumter County, Florida

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture shall convey, without consideration therefor, all right, title, and interest of the United States in and to the real property described in section 2 to Sumter County, Florida. Such real property shall be conveyed to such county upon the condition that it be conveyed by such county to the State of Florida for use as a branch of the State prison, and if such real property is not conveyed to the State of Florida by such county within one year after the date of enactment of this Act, such real property shall revert to the United States.

SEC. 2. The real property referred to in the first section of this Act is more particularly described as follows:

All of sections 4, 5, and 9 lying east of Withlacoochee River, all of the south half of section 14, lying north of Withlacoochee River, all of sections 15 and 16, lying north of Withlacoochee River, township 22 south, range 21 east, and all the southeast quarter of section 30, lying east of Withlacoochee River, all of sections 31, 32, and 33 lying east of Withlacoochee River, township 21 south, range 21 east, being in Sumter County, Florida.

DEPARTMENT OF AGRICULTURE,
Washington, D. C., April 16, 1958.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in reply to your request of February 19, 1958, for a report on H. R. 10614, a bill to provide for the conveyance of certain real property in the State of Florida to Sumter County, Fla.

We recommend that this bill not be enacted.

H. R. 10614 would direct the Secretary of Agriculture to convey, without consideration, certain lands of the United States located in Sumter County, Fla., to that county upon the condition that the county would then convey the property to the State of Florida for use as a branch of the State prison.

The lands described in the bill are a part of the Withlacoochee land utilization project administered pursuant to title III of the Bankhead-Jones Farm Tenant Act. Except when continued Federal ownership of title III lands is desired, the Department of Agriculture has established the policy of disposing of these lands through sales to statewide agencies under certain conditions. One of these conditions is that the State certify its intention of managing the land resources on a permanent long-range basis. The Department does not favor donation of such lands except in those instances where in 1954 the lands were either under long-term lease to public agencies or were being devoted to research. Neither of these conditions exist as to the lands covered by the proposed bill.

At the request of the Governor's office, the entire Withlacoochee land utilization project, including the lands described in H. R. 10614, has been appraised and offered for sale to the Florida Board of Forestry. The board has accepted the established purchase price and final negotiation pointing to the consummation of the sale is in progress at this time. In view of the arrangements that the Florida Board of Forestry has made to acquire this property and manage the resources on a permanent basis we believe that the sale should be consummated.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

Mr. POAGE. Mr. Herlong, we will be glad to hear you, if you will come up, please sir.

STATEMENT OF HON. A. SYDNEY HERLONG, JR., A REPRESENTATIVE IN CONGRESS FROM THE FIFTH CONGRESSIONAL DISTRICT OF THE STATE OF FLORIDA

Mr. HERLONG. Thank you, Mr. Chairman and members of the committee.

I appreciate very much the opportunity to be here this morning to present to you what I think are very fine arguments in favor of the enactment of this bill, H. R. 10614 which, as you have stated, is to provide for the conveyance of certain real property in the State of Florida to Sumter County, Fla.

May I say at the outset that this bill is of extreme importance and I cannot underline those words "extreme importance" too much.

This bill calls for the conveyance of some 3,000 acres of land which is presently owned by the Department of Agriculture, to be conveyed to Sumter County, Fla., for the purpose of constructing a State prison.

The prison population in Florida has grown tremendously, as has all our population—

Mr. POAGE. That no doubt is due to the influx from other States. [Laughter.]

Mr. HERLONG. The legislature has authorized the construction of this prison farm in Sumter County, Fla., but the people in Sumter County have to provide the land and the only way that they could get the land is through this method because they do not have the money to buy it. Sumter County, unfortunately, is one of the poorer counties in our State.

The establishment of the State prison farm there would provide great impetus in that area toward helping to build up a county which is in great need of help.

Mr. POAGE. I thought you said that Sumter County had provided the land.

Mr. HERLONG. No, Mr. Chairman, I said that they must provide the land.

There are roughly 14,000 acres of land in this area belonging to the Department of Agriculture, which is a land-use project, and the State forestry board has been negotiating with the Department of Agriculture in an attempt to make some deal for getting all of this land.

Mr. POAGE. Is this land that the Federal Government bought back in the old days when they were buying up marginal land?

Mr. HERLONG. That is what it is. This is old marginal land and it is part of what is known as the old Wahoo Swamp. It is on the edge of the Withlacoochee River. It is particularly and peculiarly adaptable for a prison site. It has been inspected a number of times by the prison authorities and they think that it is just ideal for what they want, for the construction of this new State prison farm.

It is not a heavily populated area. It would not interfere with any of the local interests; in fact, it would help everyone locally, to have something like that there.

I could go on if you care for me to do so. I would be glad to answer any questions that you may have.

Mr. POAGE. How much did the land cost the Government, do you know?

Mr. HERLONG. I do not know what the land cost the Government.

Just so that we may be sure that the record is clear on this, the Department of Agriculture has filed an adverse report to this bill, which we anticipated.

They are negotiating with the State board of forestry, who plan to purchase it and the State board of forestry wants to sell it to Sumter County and Sumter County cannot buy it, they do not have the money with which to buy it. We think that the Federal Government would be contributing something here without any cost to the Federal Government which would be most helpful to this part of my district.

Mr. MATTHEWS. Mr. Chairman, will the gentleman yield for a question?

Mr. HERLONG. Yes.

Mr. MATTHEWS. I may say, Mr. Chairman, that we are delighted to have our colleague here this morning from the State of Florida.

I noted that the objection that the Department of Agriculture had to the land being turned over for the prison farm was that they felt like the land would not be devoted to research.

Is it not true that if this land is turned over to the State for the prison farm, that probably most of the acreage will be farm acreage and will actually be devoted to some phases of improved land management programs?

Mr. HERLONG. The gentleman is eminently correct and the best proof is that the land which now makes up the present State farm, which is in the gentleman's district, is to a great extent being used for research and this research will be continued. The same is true of the prison farm at Belle Glade.

Mr. MATTHEWS. I think that is a very important point to stress and, as you pointed out and as I know, the farming in our districts is composed almost entirely of these wonderful land-management projects

and actually just a small part of the acreage contains buildings and just a small part of the proposed acreage I should think in this contemplated transfer would be devoted to buildings.

Mr. HERLONG. The plans for this prison and the adjoining land use are exactly the same as the one in your district.

Mr. MATTHEWS. Thank you.

Mr. POAGE. May I ask you whether the State prison board, if that is the correct title for that agency, will run this prison as an agricultural operation? Is that right?

Mr. HERLONG. It is a State prison farm, yes, sir; and it will produce the foodstuff for the prison and some for sale, yes.

Mr. HAGEN. I would like to ask a question, Mr. Chairman.

If this is going to be a State prison why does the county have to acquire this land?

Mr. HERLONG. As I stated at the outset, the legislature authorized the construction of this prison farm in Sumter County with the proviso that Sumter County furnish the land for it. That is a provision of the act establishing the prison in Sumter County, which just does not have the money to buy the land—and they want the prison there.

Mr. HAGEN. However, if the State forestry board were to purchase the land, could they not transfer the necessary portion to the prison farm?

Mr. HERLONG. The State board of forestry could do that but they will not do it; they do not want to do it. There is no cooperation between them; they want to get money out of it when they take it over.

Mr. HAGEN. They will not dedicate a portion of this land for the State prison?

Mr. HERLONG. Not for nothing, not for free.

Mr. HAGEN. And the State will not buy the land for the State prison farm there?

Mr. HERLONG. The provision calling for the establishment of the prison, as I said, called upon Sumter County to furnish the land without cost to the State.

Mr. HAGEN. Thank you.

Mr. HILL. Mr. Herlong, I notice in the letter of the Department of Agriculture which is dated April 16, 1958, says in part that:

At the request of the Governor's office, the entire Withlacoochee land-utilization project, including the lands described in H. R. 10614, has been appraised and offered for sale to the Florida Board of Forestry. The board has accepted the established purchase price, and final negotiation pointing to the consummation of the sale is in progress at this time.

They are objecting to this bill because at this very time they have already bought it?

Mr. HERLONG. No; they have not bought it. It is being held up.

Mr. HILL. Who is holding it up?

Mr. HERLONG. This bill is holding it up.

Mr. HILL. And if this bill is not passed then the forestry board will buy that land?

Mr. HERLONG. And then we will not have the prison because we will not have the money to buy or lease it ourselves from the State forestry board.

Mr. HILL. And I understood you to say that your prison population is increasing and becoming a problem.

Mr. HERLONG. Unfortunately that is true. There are some people coming in from other States that get into trouble. [Laughter.]

Mr. POAGE. Any further questions?

Mr. SIMPSON. Mr. Herlong, why did the Federal Government acquire this land?

Mr. HERLONG. The Federal Government acquired some 14,000 acres. As I said to the chairman a few moments ago, this is marginal land that the Federal Government purchased throughout the various States at one time.

Mr. SIMPSON. What has the Federal Government been using it for?

Mr. HERLONG. It is just there, they have not been using it for anything.

Mr. SIMPSON. There are no taxes?

Mr. HERLONG. I do not believe any taxes have been paid; it is off the tax books.

Mr. SIMPSON. The State prison farm will need 3,000 acres and the total area there is 14,000 acres?

Mr. HERLONG. The rest of it is going to be purchased by the State forestry board if we can get this through, the other 11,000 acres which is there will be in what is known as the land-use project, which is going to be purchased by the State forestry board to be used for a forestry project.

Mr. SIMPSON. And how long has the Government owned these 14,000 acres; since 1935?

Mr. HERLONG. Before I came into the picture. I do not know exactly.

Mr. SIMPSON. Why did they acquire it?

Mr. HERLONG. Well, someone else will have to give you the answer, Mr. Simpson. I do not know the reason why.

Mr. POAGE. It was under the old marginal-land program under which they acquired land all over the United States, poor land and at that time they did not pay more than \$3 or \$4 or \$5 an acre for most of it. This is land on which a man could not make a living at that time. They bought vast quantities all over the United States.

Mr. HERLONG. I should say that this land could have been bought for taxes many many times back in 1934 and 1935 as the gentleman from Florida knows.

Mr. SIMPSON. And that would be an economical use of that land, for agricultural purposes in connection with the prison farm?

Mr. HERLONG. Well, the land values in that area were not very high at that particular time. They are getting higher at this time. It is not poor land, I might say. It is swamp land that could be made into very productive land for the purposes of the prison.

Mr. SIMPSON. It could be drained?

Mr. HERLONG. Yes, sir.

Mr. SIMPSON. And the prison farm portion involves some 3,000 acres of land?

Mr. HERLONG. Yes.

Mr. SIMPSON. And what is the value of it?

Mr. HERLONG. Well, of course, there is some question about that. At the present market today I would say that the value of the 3,000 acres would be about \$100,000.

Mr. SIMPSON. \$100,000?

Mr. HERLONG. Yes, sir.

Mr. SIMPSON. I notice that the bill provides that the conveyance shall be "without consideration." Why does not the State of Florida buy it outright?

Mr. HERLONG. The State of Florida is negotiating through the forestry board to buy all of this land outright but if they buy it outright then our folks in Sumter County will not have it available for this prison. They want the State prison to be down there.

Mr. SIMPSON. It seems to me that if the State buys the land for the State prison—

Mr. HERLONG. The State is not willing to buy the land for the State prison. They will buy it for the forestry project but not the prison.

As I stated a few minutes ago, the enabling act which authorizes the construction of this State prison in Sumter County had the provision that Sumter County furnish the land without cost to the State government. That is the problem there.

Mr. SIMPSON. I would think this is rather unusual. We have had a lot of those bills, but as I recall not with the "no consideration"—

Mr. HERLONG. I realize I am asking for a great deal, but it is awfully important to me.

Mr. HILL. Off the record.

(Discussion off the record.)

Mr. POAGE. Do you have anything further?

Mr. HERLONG. No, Mr. Chairman, except that I urge favorable action on this bill at the earliest date.

Mr. POAGE. Thank you.

Mr. HERLONG. Thank you very much.

H. R. 8481

Mr. POAGE. Mr. Burns, I understand that you have a bill respecting the Territory of Hawaii. I understand that the bill is H. R. 8481, a bill to amend title IV of the Agricultural Act of 1956 to provide that the provisions of such title shall apply in Hawaii.

(H. R. 8481 is as follows:)

[H. R. 8481, 85th Cong., 1st sess.]

A BILL To amend title IV of the Agricultural Act of 1956 to provide that the provisions of such title shall apply in Hawaii

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title IV of the Agricultural Act of 1956 is amended by adding at the end thereof the following:

"EXTENSION OF TITLE TO HAWAII

"SEC. 403. As used in this title, the term 'State' includes the Territory of Hawaii."

Mr. POAGE. Mr. Burns, we will be glad to hear you on H. R. 8481.

STATEMENT OF HON. JOHN A. BURNS, A DELEGATE IN CONGRESS FROM THE TERRITORY OF HAWAII

Mr. BURNS. Mr. Chairman and members of the committee, this bill is a bill to amend the Agricultural Act of 1956, Public Law 540, relating to the forestry provision.

I would ask unanimous consent to include as a part of the record the joint resolution of the Legislature of the Territory of Hawaii asking that the provisions of this title be amended to include Hawaii.

Mr. POAGE. Without objection, so ordered.

(Resolution referred to is as follows:)

TERRITORY OF HAWAII,

Office of the Secretary.

This is to certify that the attached copy of Joint Resolution 33, enacted by the Legislature of the Territory of Hawaii in its regular session of 1957, is true and correct.

In witness whereof I have hereunto set my hand and caused the great seal of the Territory of Hawaii to be affixed.

Done at Iolani Palace, in Honolulu, this 18th day of June A. D. 1957.

FARRANT L. TURNER, *Secretary of Hawaii.*

JOINT RESOLUTION Requesting the Congress of the United States to expressly extend to the Territory of Hawaii the provisions of title IV of the Agricultural Act of 1956, Public Law 540, relating to forestry provisions

Whereas the 84th Congress of the United States has enacted into law the Agricultural Act of 1956 as Public Law 540; and

Whereas under Title IV: Forestry Provisions of this act, the Congress has found and declared that building up and maintaining a level of timber growing stocks adequate to meet the Nation's domestic need for a dependable future supply of industrial wood is essential to the public welfare and that assisting in improving and protecting such lands would also increase public benefits from other values associated with forest cover; and

Whereas the Congress has also authorized the Secretary of Agriculture to assist the States in undertaking needed programs of tree planting, which assistance may include giving of advice and technical assistance and furnishing financial contributions not to exceed the amount expended by the State for the same purpose during the same fiscal year; and

Whereas the provisions of this title IV of the Agricultural Act of 1956 as written cannot be extended to the Territory of Hawaii; and

Whereas the Territory of Hawaii contributes annually to the Federal Treasury as much or more moneys than 12 of the States; and

Whereas the Territory of Hawaii is in urgent need of technical and fiscal assistance in its reforestation program for purposes of developing commercial timber and related forest products in order to bolster its economic development and put to its highest and best use many thousands of acres of land: Now, therefore, be it

Enacted by the Legislature of the Territory of Hawaii:

SECTION 1. The 85th Congress of the United States is hereby respectfully requested to enact into law the expressed extension of title IV of the Agricultural Act of 1956, Public Law 540, to the Territory of Hawaii.

SEC. 2. Duly authenticated copies of this joint resolution shall be forwarded to the President of the United States, to the President of the Senate and Speaker of the House of Representatives of the Congress of the United States, to be the Secretary of Agriculture of the United States, and to the Delegate to Congress from Hawaii.

SEC. 3. This joint resolution shall take effect upon its approval.

Approved this 1st day of June A. D. 1957.

SAMUEL WILDER KING,

Governor of the Territory of Hawaii.

Mr. BURNS. I am going to be very brief, Mr. Chairman, in my statement and thereafter I will answer any questions that you may have.

Hawaii has some 2 million acres of land which are classified as forest land. Over 500,000 of these acres are land that is potentially or presently usable for the commercial production of timber.

The provisions of the act which we desire to have extended to us would include us in that portion which provides for the furnishing

of technical assistance and advice and financial aid in amounts which do not exceed the amounts spent by each State for the purpose of tree planting and reforestation.

For more than 50 years after the discovery of Hawaii in 1778, Hawaii was particularly a place from which sandalwood was obtained and used in international commerce; the traders from the northeastern part of the country with their clipper ships would put into Honolulu and pick up the sandalwood and take it to the Orient. In fact, that trade provided the earliest knowledge of Hawaii in the international scene.

This activity denuded the forest lands of Hawaii and today as the result we have a situation which has never been repaired and it has injured our water capacity because we use surface water. It has also involved injury to the lavaland in Hawaii for productive returns, the quick return of lava to the soil for usage and it has prevented us from developing an adequate forestry program.

I rest my presentation on that, Mr. Chairman.

Mr. POAGE. Mr. Burns, I have in my hand a letter from the Department of the Interior dated June 24, 1958, which says, after they say that they recommend that the bill be enacted:

The Bureau of the Budget has advised us that, while they have advised the Department of Agriculture that there would be no objection to the submission of its adverse report to your committee, there is no objection to the submission of this report to your committee.

Mr. BURNS. I thank the chairman for calling that to my attention.

The Department of Agriculture reported favorably on the idea but recommended that it not be done at this time, and the Department of the Interior reports favorably on the bill recommending that it be enacted and the Bureau of the Budget is in a position of agreeing to two different kinds of reports.

Mr. POAGE. That is right. Have we got the report from the Department of Agriculture?

The CLERK. I think that we have one.

Mr. HEIMBURGER. Mr. Chairman, we do have a report from the Department of Agriculture but for some reason they did not provide us with mimeographed copies which they usually do.

Mr. POAGE. I see.

Mr. HEIMBURGER. I do not myself have here a copy of the report, but we do have it and that report, Mr. Chairman, I believe you will find equally as confusing as the Bureau of the Budget because it starts out by saying that it does not favor enactment of the bill at this time and then it goes on to tell how important it is that this kind of work be done in Hawaii.

Mr. BURNS. I have the report here, sir, a copy of it.

Mr. POAGE. Well, do not read it at this time, but we will include it in the record, the reports of the Department of the Interior and the Department of Agriculture.

(Reports referred to are as follows:)

DEPARTMENT OF AGRICULTURE,
Washington, D. C., January 14, 1958.

HON. HAROLD D. COOLEY,

Chairman, Committee on Agriculture, House of Representatives.

DEAR CONGRESSMAN COOLEY: This is in reply to your letter of July 30, 1957, requesting a report on H. R. 8481, a bill to amend title IV of the Agricultural Act of 1956 to provide that the provisions of such title shall apply in Hawaii.

Although we are in sympathy with the objectives of the bill, we recommend that it not be enacted at this time.

H. R. 8481 would amend title IV of the Agricultural Act of 1956 to include Hawaii under its provisions. That title now authorizes the Secretary of Agriculture to cooperate with States by providing technical and financial assistance in tree planting and reforestation.

About 2 million acres, or half of the land area, of the Hawaiian Islands are classed as forest land. The Hawaiian Islands are particularly well suited for the growth of selected timber to yield high-quality products. Fairly large sawlogs can be produced on good sites in 30 to 40 years. Almost all of Hawaii's timber products are imported. About 60 million board-feet of lumber alone is imported annually. The Territory has the land and the species to capture a substantial portion of the local timber market and enter into the export field besides. Development of a timber industry would provide an outlet for the present oversupply of labor and would make use of many idle or unproductive areas.

Reforestation, moreover, could be an aid in improving and safeguarding the water supply for irrigation for agriculture. Great significance is attached to the water-yielding lands above the cultivated areas because the sugarcane and pineapple agriculture of the Territory is dependent primarily upon surface sources for great quantities of water for this purpose.

The area in need of forestation in the Territory is difficult to determine at this time because a survey of the forest resources of the Hawaiian Islands has not yet been made. A forest survey by this Department, in cooperation with the Territory, is scheduled to begin in 1958. We recommend that consideration of this legislative proposal be postponed until the survey is completed.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

E. T. BENSON, *Secretary.*

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D. C., June 24, 1958.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives, Washington, D. C.*

DEAR MR. COOLEY: There is now pending before your committee H. R. 8481, a bill to amend title IV of the Agricultural Act of 1956 to provide that the provisions of such title shall apply in Hawaii.

We recommend that the bill be enacted.

The purpose of H. R. 8481 is to extend to the Territory of Hawaii the benefits of the provisions of title IV of the Agricultural Act of 1956 (70 Stat. 207, 16 U. S. C., 1952 ed., Supp. IV, secs. 568e and 568f). This title authorizes the Secretary of Agriculture to assist the States in undertaking needed programs of tree planting and reforestation, to give technical assistance and advice, and to furnish financial aid in amounts which do not exceed the amount spent by each State for these purposes. Enactment of the bill will include the Territory of Hawaii in these programs on the same basis as the States.

Most of Hawaii's needs for timber products must be met now from sources outside the Islands. Development of adequate timber resources would permit local sources to supply these needs, at least in part, and would provide an additional source of employment and economic opportunity for Hawaii's growing population.

During recent years the Territory has undertaken a program of reforestation of acreage suitable for the growth of timber. About 2 million acres, which is half of Hawaii's total land area, could be classed as forest land. At least 500,000 acres of this area is presently used or potentially usable for growth of timber on a commercial basis. Gov. William F. Quinn of Hawaii has informed us that he strongly favors the enactment of the bill because of the impetus it would give the Territory's efforts to increase its timber resources.

The Bureau of the Budget has advised us that, while they have advised the Department of Agriculture that there would be no objection to the submission

of its adverse report to your committee, there is no objection to the submission of this report to your committee.

Sincerely yours,

FRED G. AANDAHL,
Assistant Secretary of the Interior.

Mr. MATTHEWS. Mr. Chairman, just one question.

Mr. BURNS, what you ask is that Hawaii be treated the same as the 48 States. Is that right?

Mr. BURNS. That is all.

Mr. MATTHEWS. And you are not asking for preferential treatment. You just want Hawaii to be treated the same as California, for example, or any other State.

Mr. BURNS. That is correct. At the present time the act applies to the 48 States and that is all.

Mr. MATTHEWS. Thank you, Mr. Chairman.

Mr. POAGE. Let me ask you this, Mr. Burns: This land is in private ownership, is that right, today?

Mr. BURNS. No, sir.

Mr. POAGE. It is in Government ownership?

Mr. BURNS. A great deal, the major proportion is in Government ownership.

Mr. POAGE. And under what agency, Public Lands?

Mr. BURNS. No. When Hawaii was annexed to the Union the lands of the crown and the lands of the Government of Hawaii were made public property of the United States with, however, this unusual provision in the law, that the lands would come under separate and special laws which would be enacted for the management, and so they are managed under the organic act by the Territory of Hawaii with the revenues from those lands going to the Territory of Hawaii.

Mr. POAGE. Thank you. Any other questions?

Mr. JENNINGS. Did I understand correctly that in the original act that you want amended, only as much money as the States use themselves can be used?

Mr. BURNS. That is correct.

Mr. JENNINGS. So it would be just on a matching basis, the Federal Government may match the State's money?

Mr. BURNS. That is correct, and there is the advantage of having the technological assistance.

Mr. POAGE. It could not continue to be handled separately?

Mr. BURNS. No, sir. This is like a State program of reforestation, a State program of tree planting.

Mr. POAGE. The carrying on of State programs on public lands.

Mr. BURNS. It would also be for whatever usage can be made of the private lands which are furnished the seedlings and so forth.

Mr. POAGE. I understand that, but if you are going to extend the provisions of the act with respect to forestry to the Territory of Hawaii, and I see no reason why not, but as long as these lands are not to be treated as public lands, can they come under that act—why can they not be treated as public lands? That is what I am trying to get at.

Mr. BURNS. Well, I would be willing to go along with that, Mr. Chairman, but Congress in its wisdom did say that these are public lands of the United States, but they shall be treated by a separate law.

Mr. POAGE. I know, but it would seem to me perfectly logical for it to be handled by the same agency as the rest of the Government lands—I grant you that private lands should be handled differently.

Mr. BURNS. The basic reason for this peculiar situation was that Hawaii, when she came in, was a separate republic and they did not reserve to the territory the ownership of any land for territorial purposes.

Mr. POAGE. Well, if I may draw the analogy, it reminds me of the situation in the State of Texas before it came into the Union. The Republic of Texas did reserve all of the lands to the Republic, but the Federal Government paid the debt, and as I recall, the Republic of Texas was the only State that ever paid its public debt, and in return for it the Congress of the United States gave us all of the public land to enable us to pay that debt—whereas you folks turned your lands over to the Federal Government and the Federal Government paid the debt.

Mr. BURNS. That is correct; you are entirely right. The argument was that we owed \$4 million and the Federal Government would get \$9 million in value, as I remember the record.

Mr. SIMPSON. Off the record.

(Discussion off the record.)

Mr. HAGEN. May I ask a question, Mr. Chairman?

Mr. POAGE. Yes.

Mr. HAGEN. I judge from your response to the chairman's question that the Federal Government would only make a partial contribution to the cost of the reforestation.

Mr. BURNS. Yes, sir; the Federal Government's share would be limited under this program that would be developed for reforestation as it has limited available funds which would necessarily be matched—Hawaii's program would go beyond that particular program.

Mr. HAGEN. However, the actual management of these lands would be the privilege of the Hawaiian Commonwealth?

Mr. BURNS. The responsibility of the Territory's department of agriculture and forestry and private owners.

Mr. POAGE. Are there any further questions or statements?

Mr. BURNS. No, sir.

Mr. POAGE. Thank you, Mr. Burns.

H. R. 10097

STATEMENT OF WILLIAM D. MORRIS

Mr. MORRIS. Before you go into executive session, Mr. Chairman, would you care for a brief statement on H. R. 10097, introduced by Mr. Andersen?

Mr. POAGE. What is that bill?

Mr. MORRIS. It is with reference to the ASC Committee bill, to revise and make more democratic the elections.

Mr. POAGE. Off the record.

(Discussion off the record.)

Mr. POAGE. I wonder if it would be all right to file that statement.

Mr. JONES. I think that Mr. Andersen has no objection to the bill that I introduced with the amendment submitted here.

Mr. POAGE. Very well, we will take it up.

(H. R. 10097 is as follows:)

[H. R. 10097, 85th Cong., 2d sess.]

A BILL To provide for three-year terms of agricultural stabilization and conservation county committeemen in order to give added continuity and stability to the farmer committee system, and to provide for elected members of the State committee

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8 (b) of the Soil Conservation and Domestic Allotment Act, as amended, is amended by striking out the seventh through the seventeenth sentences and inserting in lieu thereof the following:

"Farmers within any such local administrative area shall elect annually from among their number a local committee for such area of three members and first and second alternates to serve in that order in case of vacancies or temporary absences of members of the committee.

"There shall be in each county a county committee consisting of three members who are farmers in the county. One county committeeman shall be elected by secret ballot by the chairmen of the local committees (or vice chairman in the absence of the chairman) in an annual county convention for a term of three years, except that three county committeemen shall be elected in 1958 for terms of one, two, and three years, respectively. There shall also be elected by such county convention for terms of one year first and second alternate members of such committee to serve in that order in case of vacancies or temporary absences of members. The county committee shall elect from its members a chairman and a vice chairman. In any county in which there is only one local committee, the local committee shall also be the county committee. The county agricultural extension agent shall be ex officio a member of the county committee without the power to vote.

"In each State there shall be a State committee for the State composed of not less than three or more than five farmers who are legal residents of the State. The chairman of such committee shall be appointed by, and serve at the pleasure of, the Secretary. The other farmer members shall be elected annually by a secret ballot by the chairmen of the county committees (or in their absence by the vice chairmen) at a regular convention. Each elected member shall serve until a successor has been elected and qualified. The State director of the Agricultural Extension Service, or if so designated by the director, the associate or assistant director of the Agricultural Extension Service, shall be ex officio a member of such State committee, and shall be in addition to the number of members of such committee hereinbefore specified and shall not have the power to vote.

"The Secretary shall make such regulations as are necessary relating to the election and functioning of the respective committees and their employees and to the administration through the committees of such programs."

DEPARTMENT OF AGRICULTURE,
Washington, D. C., March 21, 1958.

Hon. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in reply to your request for a report on H. R. 10097, a bill to provide for 3-year terms of agricultural stabilization and conservation county committeemen in order to give added continuity and stability to the farmer committee system, and to provide for elected members of the State committee.

We oppose passage of H. R. 10097 in its present form. However, if the bill were modified to include the following suggestions, we would favor its passage:

1. The bill extends eligibility to vote and hold office to all farmers in the local area. We favor this extension provided administrative restrictions could continue to be imposed on eligibility to hold office based on political activity, prior fraud or removal from office, etc.

2. The bill, as does the present law, provides that there shall be a county committee in each county. For economy of operation and for effective administration, the offices of many such counties have been consolidated with adjoining counties. However, because of the small number of farmers, it is difficult to elect a county committee in each of the counties. It is suggested that the Secretary be given discretion to waive the requirements for an elected county com-

mittee of 3 members in any county where (1) there are fewer than 50 active farms, (2) the office has been consolidated with an adjoining county, and (3) with the provision that there be at least 1 member of the county committee from each county.

3. We suggest the legislation provide that the sections dealing with committee elections become effective with the calendar year following the year it becomes law. ASC elections are held, at the option of State committees, between July 1 and December 31, annually. Planning, issuing necessary instructions, forms, etc., and setting the election machinery in motion take several additional months.

4. The bill provides that the chairman of the State committee shall be appointed by, and serve at the pleasure of, the Secretary and that the other farmer members shall be elected annually by the chairmen of the county committees at a regular convention. All farmer members are now appointed by the Secretary to serve at his pleasure. Because of the vast administrative authority vested in the committees by the Secretary, it is essential that he be free to appoint all members of the committee to serve at his pleasure.

5. The bill provides that the State director of the Agricultural Extension Service, or if so designated by the director, the associate or assistant director of the Agricultural Extension Service, shall be ex officio a member of the State committee but shall not have the power to vote. Under present law, directors of extension are ex officio members of the State committees and they have been permitted to vote by administrative determination. We favor specifically authorizing this right to vote to the ex officio member.

In order to further improve the operations and administrative efficiency of the farmer committee system, we believe that the following additional provisions should be included in the bill:

1. The second sentence of section 362 of the Agricultural Adjustment Act of 1938, as amended, provides that an additional listing of acreage allotments and marketing quotas be kept available in the office of the county agricultural extension agent or with the chairman of the community committee. We believe, in view of the period over which county committee offices have been operating and the familiarity of farmers with these offices, that the original purpose for requiring that a copy of this information be kept in the office of the county agricultural extension agent or with the community committee chairman no longer exists. All farmer contacts regarding acreage allotments and marketing quotas now take place at the office of the county ASC committee. We recommend that this sentence be stricken.

2. Section 392 of the Agricultural Adjustment Act of 1938, as amended, contains a requirement that the names, addresses, and compensation of ASC county committee members and employees be posted in a conspicuous place annually. Since this is all information which is freely available to any interested person, we suggest this provision be deleted in favor of one which would provide that such information be kept available for public inspection in the county office for a period of 5 years.

A bill which incorporates the suggestions made above into H. R. 10097 is enclosed for your consideration.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

E. T. BENSON, *Secretary.*

A BILL To provide for three-year terms of agricultural stabilization and conservation county committeemen in order to give added continuity and stability to the farmer committee system, and to provide for members of the State committee

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8 (b) of the Soil Conservation and Domestic Allotment Act, as amended, is amended by striking out the seventh through the seventeenth sentences and inserting in lieu thereof the following:

"Farmers within any such local administrative area shall elect annually from among their number a local committee for such area of three members and first and second alternates to serve in that order in case of vacancies or temporary absences of members of the committee.

"There shall be in each county a county committee consisting of three members who are farmers in the county: *Provided*, That if in any county there are less than fifty farms on which farming operations are actively being carried out and if the office of the county committee for such county has been consolidated

with the office of the county committee of an adjoining county, the Secretary may, if he determines that such action would result in more economical and effective administration of the programs being carried out by such county committees, provide for the election of one county committee to serve the counties having the consolidated office, but at least one member of the county committee so elected shall be from each such county. One county committeeman shall be elected by secret ballot by the chairmen of the local committees (or vice chairmen in the absence of the chairman) in an annual county convention for a term of three years, except that three county committeemen shall be elected in 1959 for terms of one, two, and three years, respectively. There shall also be elected by such county convention for terms of one year first and second alternate members of such committee to serve in that order in case of vacancies or temporary absences of members. The county committee shall elect from its members a chairman and a vice chairman. In any county in which there is only one local committee, the local committee shall also be the county committee. The county agricultural extension agent shall be ex officio a member of the county committee without the power to vote.

"In each State there shall be a State committee for the State composed of not less than three or more than five farmers who are legal residents of the State and who are appointed by and serve at the pleasure of the Secretary. The State director of the Agricultural Extension Service, or if so designated by the director, the associate or assistant director of the Agricultural Extension Service, shall be ex officio a member of such State committee, and shall be in addition to the number of members of such committee hereinbefore specified and shall have the power to vote.

"The Secretary shall make such regulations as are necessary relating to the election and functioning of the respective committees and their employees and to the administration through the committees of such programs."

SEC. 2. Section 362 of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the second sentence thereof.

SEC. 3. Section 392 of the Agricultural Adjustment Act of 1938, as amended, is amended by changing the last sentence of subsection (b) to read as follows: "A statement of the names and addresses of the members and employees of any county or local committee, and the amount of such compensation received by each of them, shall be kept freely available for public inspection in the office of the county committee for a period of five years following the close of the calendar year in which such compensation was received."

Mr. POAGE. We will be glad to hear from you.

Mr. MORRIS. I will be very brief, Mr. Chairman, but if I said nothing else, Mr. Andersen said that he repeats his usual expression of deep respect and high regard for the committee; I don't think he has ever failed to voice that.

Mr. POAGE. You can tell Mr. Andersen that we hope that he will look after our interest; we are relying on him.

Mr. MORRIS. Yes, sir.

Mr. Chairman, as the background of this bill, the Appropriations Subcommittee held public hearings 2 weeks ago and one of the subjects quite extensively discussed was the administration of these county ASC committees.

The purpose of the subcommittee in holding the hearings was because these county committees have administrative expenses currently of about \$100 million a year and, in addition, they administer the multi-billion-dollar price support, acreage allotment, soil bank, and all those programs, so the subcommittee is quite seriously concerned with the integrity and the tenure of office and the authority and responsibility of county committees elected by farmers that are vested with such tremendous fiscal responsibilities.

In both the hearings held in South Dakota and Minnesota the testimony is virtually the same: great dissatisfaction with the method

of election, the tenure of office, and the administration of the committee offices.

If Mr. Andersen's proposal in his legislation and similar provisions that are made in the Jones' bill are adopted, you first will have the ASC committee elected for 3-year terms on a staggered basis. That same provision applies to the Farmers' Home Administration and it has been quite successful.

From the standpoint of the Appropriations Committee the concern there is to keep men of experience in office and not have all 3 committee members swept out in an election and I might say that there is 1 county committee in California we found that has about \$1 million a year administrative expenses and it is not good government to have the 3 administratives swept out of office and the next day 3 new men sworn in.

He was also concerned with the difficulties between the county committees and some State committees. It was his hope that by the provision of an election process to elect two members of the State committee you could take partisan considerations out of it and you could restore the farmer's interest in and control of their own programs.

It has been his experience and mine that the chairman of the State committee is really the administrative head of the program. It was established in 1 of the hearings that the State chairman works many times more days a year than the other 2 members who would come in only when policy questions come up and it was his belief that on those policy questions as they apply to the State, the democratic process of having the county chairman elect those 2 members would be very much in order.

We have had considerable correspondence all over the United States on this proposed legislation and if I could I would like to read into the record one typical letter from the Los Angeles County Farm Bureau:

DEAR CONGRESSMAN ANDERSON: We are very much interested in your bill, No. 10097, as it appears that if enacted it would help correct some of the problems now existing in the operation of the agricultural stabilization and conservation program.

In reviewing the bill there are a couple of questions which have arisen and on which we would like clarification.

Our understanding of the current law regarding ASC is that only farmers who are participating in ASC programs can elect county committeemen. This, we believe, is wrong, and if we understand your bill correctly, it would provide that all farmers can participate in the election of county committeemen. Is this interpretation correct?

Your bill proposes a 3-year term instead of the current annual election of county committeemen, with which we concur very heartily; however, it does not specify whether or not a man can be reelected after his 3-year term. We would appreciate clarification on this point.

Sincerely,

WILLIAM B. STAIGER, *Executive Secretary.*

We have found unanimous favor and approval for the legislation and we commend it to the committee's consideration.

Mr. POAGE. Thank you very much.

Mr. JENNINGS. One question. Is the bill submitted by Mr. Jones that this committee has considered agreeable and acceptable through Congressman Anderson?

Mr. MORSE. It is very similar.

Mr. JENNINGS. And it is agreeable and acceptable, too?

Mr. MORSE. I feel sure Congressman Anderson would support the Jones bill.

Mr. JENNINGS. That is all; thank you.

Mr. COOLEY. Thank you.

(Thereupon, at 10:40 a. m., the committee went into executive session.)

CONVEYANCE OF CERTAIN REAL PROPERTY
IN SUMTER COUNTY, FLA.

H. R. 10614

JULY 23, 1958

CONVEYANCE OF CERTAIN REAL PROPERTY IN THE STATE OF FLORIDA TO SUMTER COUNTY, FLA.

WEDNESDAY, JULY 23, 1958

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D. C.

The committee met, pursuant to call, at 2 p. m., in room 1310, New House Office Building, Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Anfuso, Harvey, Simpson, Matthews, Hill, McIntire, Dixon, Jennings, Johnson, Dague, Quie, Grant, Gathings, Abernethy, and Hagen.

The CHAIRMAN. The committee will please be in order.

We are delighted to have our colleague, a former member of this committee, Mr. Herlong, here this afternoon, to speak in behalf of H. R. 10614.

(H. R. 10614 and the report appear on p. 175.)

The CHAIRMAN. I might say for the benefit of our visitors that Mr. Herlong served with the committee for many years and left the committee to go to another assignment. We have missed him very much, and I know all members of the committee join me in saying that we are delighted to have him here to speak in behalf of this bill.

Mr. Herlong, will you make your statement now?

STATEMENT OF HON. A. SYDNEY HERLONG, JR., A REPRESENTATIVE IN CONGRESS FROM THE FIFTH CONGRESSIONAL DISTRICT OF THE STATE OF FLORIDA

Mr. HERLONG. I would like to make a statement in the way of a preface and then introduce these people who are here and have them make brief statements.

The CHAIRMAN. Proceed.

Mr. HERLONG. I would like to again express my appreciation to the chairman for his kind remarks and for the cooperation that the members of this committee, and the chairman, especially, have shown in my efforts to try to get this bill through.

You have been more than kind in the giving of your time and I am certainly grateful to you.

Mr. Chairman, the last time I testified there were several questions asked of me that I didn't have the direct answers to and so I have some of these answers at this time. I should like, first, however, if I may, to introduce for the record a telegram from the president of the Sumter County Farm Bureau, endorsing this bill. May I put that in the record?

The CHAIRMAN. Without objection you may insert that in the record.
(The telegram is as follows:)

WILDWOOD, FLA., July 22, 1958.

Hon. A. S. HERLONG,
Member, House of Representatives,
Washington, D. C.:

The Sumter County Farm Bureau, comprising 1,000 families, urge your fullest cooperation in securing for Sumter County the tract of land in with Lacoochee project as site of the new State prison to be built in Sumter County.

E. C. ROWELL,
President, Sumter County Farm Bureau.

Mr. HERLONG. Questions were also asked, I believe, by the gentleman from Colorado, Mr. Hill, in connection with why this property could not be given by one branch of the State to another branch of the State for the purpose of building a prison on it, and I quoted as well as I could at that time the State law. I have here the section of the State law which authorizes the construction of this State prison in Sumter County, Fla., and providing that the county furnish the land to the State for the prison without cost by fee simple deed.

I should like, also, to have that in the record, Mr. Chairman.

The CHAIRMAN. Without objection you may insert that in the record.

(The section is as follows:)

PURSUANT TO CHAPTER 944.07, FLORIDA LAWS, 1957

944.07—STATE PRISON; SUMTER COUNTY BRANCH ESTABLISHED.—The board of commissioners of state institutions is hereby authorized and directed to establish a branch of the Florida state prison in Sumter county, on lands which shall be conveyed to the state without cost by fee simple deed by the board of county commissioners of Sumter county, and the said board of county commissioners of Sumter county is authorized and empowered to convey such lands as herein provided. The board of commissioners of state institutions shall determine the situs of lands to be deeded to the state within Sumter county, where said institution shall be located which shall not be less than five hundred acres.

Mr. HERLONG. Also, there were several questions asked about how much this land cost at the outset, and its value, of course, at this time. I gave a round figure as to the value at this time, but stated I did not know anything about the cost. I have, also, an exhibit which shows that the 5,246 acres of land in this area cost a total of \$23,798, or an average cost of \$4.53 an acre, in 1935.

I should like to, also, have that inserted in the record, Mr. Chairman.

The CHAIRMAN. Without objection it will be so done.

(The table is as follows:)

Selected data on acreage in Sumter County, Fla., acquired by Federal Government in condemnation proceedings

Defendant	Date of judgment	Case No.	Acres	Average price per acre	Amount paid
Rufus B. Huckabee et al.	Feb. 1, 1939	U. S. Ocala Civil No. 62.	34	\$5.89	\$200
Standard Fertilizer Co.	July 25, 1938	U. S. Ocala Civil No. 53.	360	5.00	1,800
John Schroeder Lumber Co.	do	U. S. Ocala Civil No. 54.	40	3.50	140
Nina Lydia Underwood	Jan. 19, 1938	U. S. Ocala Civil No. 38.	422	5.21	2,200
Armour Fertilizer Works	May 5, 1938	U. S. Ocala Civil No. 41.	280	2.42	678
Penn-Lurton Co.	Feb. 1, 1939	U. S. Ocala Civil No. 72.	820	3.98	3,263
Claire M. Cotton	do	U. S. Ocala Civil No. 73.	3,290	4.72	15,517
Total			5,246	4.53	23,798

Source: Spot check of records of the clerk of the circuit court, Bushnell, Fla.

Mr. HERLONG. We have with us at this time the chairman of the Board of County Commissioners of Sumter County, Mr. A. D. Palmer, and we have Mr. Willard Peebles, both of whom are from Wildwood, Fla.; and Mr. James W. West, who is the county attorney. Mr. West will now speak for them.

The CHAIRMAN. We are glad to hear you now.

STATEMENT OF JAMES W. WEST, OF BUSHNELL, FLA., ACCOMPANIED BY A. D. PALMER AND WILLARD PEEBLES

Mr. WEST. Mr. Chairman and members of the committee, I would like, if you do not mind, to hand to you this map, more or less of a rough draft, but it does show the location of the approximately 3,000 acres that we so badly want and need at this time.

The CHAIRMAN. Before you begin your statement, may I ask one question. Why do you propose to have the land conveyed to the county, and then the county convey it to the State? Why could you not make a direct conveyance by the United States to the State?

Mr. WEST. That would be entirely satisfactory to us. Very frankly, our only interest is to have the prison site situated there in this particular location. This bill—the passage of the law there that Congressman Herlong just mentioned—

The CHAIRMAN. There must be some reason for that because this provides that, but it further provides that—

If such real property is not conveyed to the State of Florida by such County within one year after the enactment of this Act, such real property shall revert to the United States.

Mr. HERLONG. Mr. Chairman, if I may answer and explain just why that was done, because I am the one who prepared the bill. The enabling act authorizing the construction of the prison especially stated that the land was to be given by Sumter County to the State. We want the prison built. If they are just talking down there, we are not going to get it built. We want to use this as a safeguard, to be sure that they start work within a year, or otherwise it will revert.

The CHAIRMAN. In other words, the State law contemplates the donation of the land by the county to the State?

Mr. WEST. That is right.

The CHAIRMAN. This proposed bill contemplates the gift by the Federal Government to the county, which, in turn, will make the donation to the State?

Mr. HERLONG. That is correct, sir, and it would revert to the Federal Government if they don't start work on the prison within a year.

Mr. ANFUSO. Mr. Herlong, I believe you know that you have the great respect of this committee, but I think the question was raised the last time you testified as to why the Federal Government should give the land for this, when the Governor of your State said if he did have the money he would not use this land for a prison. Am I correct in that?

Mr. HERLONG. Not entirely, sir. I think these gentlemen can answer that question for you, but my interpretation—

Mr. ANFUSO. I would like to have that answered.

Mr. HERLONG. Is that the State forestry board is at this time in the process of negotiating to purchase all of the sixty-odd-thousand

acres in this entire project, but under the terms of their agreement with the Department of Agriculture they cannot sell any of it to any other branch of the State government. They would have to lease it. You cannot build a prison on leased land. That is basically the reason why we are trying to go through this procedure.

Mr. ANFUSO. I am glad you answered that.

The CHAIRMAN. Before we proceed, may I direct your attention to one sentence in the letter of the Secretary, dated April 10, 1958, in which he refers to the fact that the lands described in this bill are a part of the Withlacoochee land utilization project administered pursuant to title III of the Bankhead-Jones Farm Tenant Act, and states that—

Except when continued Federal ownership of title III lands is desired, the Department of Agriculture has established the policy of disposing of these lands through sales to statewide agencies under certain conditions. One of these conditions is that the State certify its intention of managing the land resources on a permanent long-range basis.

Mr. HERLONG. That is right.

The CHAIRMAN. Can you meet that condition?

Mr. HERLONG. No, sir. I would suggest an explanation by Mr. West, who can tell you about a conference he had with the State forester on just last Friday. I think that would explain that.

Mr. WEST. Mr. Chairman, on last Friday, as Mr. Herlong just mentioned, Mr. Coulter, representing the forestry department of the State of Florida, met with a group in Sumter County—the county commissioners, representatives of our chamber of commerce, and others at that time—and he told us of this plan that he has to purchase this approximately 60,000 acres, and he submitted to the county commissioners there that he would lease, over a long period of years, not decided on, this particular tract of land, but let me mention here, if you will notice, the Florida bill there says it must not be less than 500 acres.

Mr. Coulter was kind enough to come to Bushnell, in Sumter County, and he offered to lease to Sumter County the 500 acres, but there is a catch to that.

I have a letter that I want to read to you in just a minute, if you will grant me the permission.

Five hundred acres is just not enough land.

Mr. Coulter did go ahead and say that there was a possibility, maybe, of their letting Sumter County lease up to 1,300 acres, which still will not be enough land, because this is more or less of a research program that the prison department has that they would like to put into effect there. He would lease this, possibly the 1,300 acres, to Sumter County, and Sumter County, would, during the period of the lease, pay to the forestry department the sum of approximately \$54 per acre.

I might mention at this time that we are a poor county in the State of Florida—we have a population of some 12,000 people, and that is just a lot of money to us. That is all there is to it. Coupled with the fact that the bill says it must be in fee simple, and we know that the prison department in our own mind would not be interested in a lease. We are going to have to get title for them before they would go on and spend a great deal of money, as they now plan to do.

Another thing I would like to mention at this time is the economic situation that we are in down there. To be perfectly frank and honest with you gentlemen, this prison would create a great many jobs. It would bring in a good payroll, something we truly and really need down there in that part, not particularly for Sumter County, but our neighboring counties of Citrus and Hernando—more or less the same size counties with more or less the same problems.

Mr. Culver, the head of the prison department, states if he could get it going it would bring in approximately \$50,000 a month to this particular area and would, naturally, help Sumter County more than it would the other counties but it would be, certainly, to the advantage of our neighboring counties of about our same size.

The CHAIRMAN. On this map, is the red part of the map the part you propose to acquire?

Mr. WEST. That is right, sir.

The CHAIRMAN. How many acres are in that?

Mr. WEST. Approximately 3,000 acres that we want.

The CHAIRMAN. What do you propose to use the land for after you acquire it?

Mr. WEST. To turn it over to the prison department of the State of Florida for them to put their permanent prison on.

Mr. MATTHEWS. I do not believe he has pointed out what I think will help. They will use most of it for agricultural research; is that not right?

Mr. WEST. That is right.

Mr. MATTHEWS. Which is the part that the Department of Agriculture is very much interested in.

Mr. WEST. Yes.

The CHAIRMAN. What part is cleared for cultivation?

Mr. WEST. I would not say that any of it at the present time is cleared.

It is what we commonly refer to as blackjack oak land. It is not hard to clear up.

Another thing that I would like to mention, after the passage of this bill we requested Mr. Culver, who is director of the Division of Corrections of the State of Florida, to come and he and several of his associates came and spent the day with us and rode over this particular tract of land.

The CHAIRMAN. What is the real value per acre of the land in this area?

Mr. WEST. As Mr. Herlong pointed out, in 1935 the value of the land was \$4 or \$5 an acre.

Mr. HERLONG. If you will permit, this particular land sold for \$4.53 an acre.

The CHAIRMAN. The same land?

Mr. HERLONG. That is what the Federal Government paid for it.

The CHAIRMAN. The Government paid that for it?

Mr. HERLONG. The Government paid that.

Mr. WEST. In 1935, \$4.53.

The CHAIRMAN. I do not want to cut off your statement, but would the county of Sumter object to reimbursing the Federal Government for the amount of the original investment?

Mr. WEST. No, sir.

Mr. HERLONG. That was to be my compromise.

The CHAIRMAN. I am a compromising man.

Mr. WEST. Thank you, sir. In other words, your bill could be amended. We have our chairman here and I think he will back me in the statement that we would be glad to reimburse the Government for this land.

As to the purposes of this land and the research that is made, I would like to run over this letter. Maybe I won't read it all, but I will just read an excerpt from it.

The CHAIRMAN. Before you proceed with that, if what Mr. Matthews has said is correct, why could you not meet this land management condition? If it is going to be used for agricultural experiment purposes, it seems to me that you could meet the condition mentioned, that it would be under the management not only in Florida but will be under the ownership of the State agency.

Mr. WEST. That is right.

The CHAIRMAN. Which is operating the program looking toward the advancement of it.

Mr. HERLONG. I can answer the chairman's question in that regard. It is purely an economic question. The State of Florida Forestry Department is negotiating to buy the land from the Federal Government and they have talked to these people down in Sumter County and they will not lease it to them for less than \$53 or \$54 an acre.

Mr. WEST. That is right.

The CHAIRMAN. I can see that trouble.

Mr. HERLONG. That is the trouble.

The CHAIRMAN. We could get over that, I can see, also, if Florida contemplated the purchase of the land by the forestry department.

Mr. HERLONG. That is right. That will not interfere with the land utilization project as you will see from the map, Mr. Chairman. The rest of it is on the other side of the river. I mean, taking this out would not destroy the Withlacoochee utilization project.

The CHAIRMAN. I can see that, too.

When one department of the State wants to acquire the land at a fair value and when another branch of the State comes along and proposes to take out 3,000 acres, I can see how you would feel against it.

Mr. HERLONG. If they were only thinking of money, all right, but we are thinking of people who need jobs.

The CHAIRMAN. If the Secretary gave consideration to your suggestion that you would be willing to compensate the Government for the original value, he might accept that compromise to begin with. You say you are willing to accept that?

Mr. HERLONG. I am perfectly willing to accept the amendment; in fact I was going to propose it to the chairman.

The CHAIRMAN. Go ahead.

Mr. HARVEY. Is this supposed to be a maximum security type prison?

Mr. WEST. No, sir; in other words, Mr. Culver, the head of the prison department, said that his best type of prisoners would be stationed there. The plans are, sir, for it to be used as a distribution center. In other words, the maximum security will be at Raiford, the present location of the State prison. We asked him that very same question.

Mr. HARVEY. How many prisoners does he contemplate carrying at this place?

Mr. WEST. He anticipates 1,800.

Mr. HARVEY. And it is the thought that these prisoners will be used on this farm for experimental purposes?

Mr. WEST. That is right, sir.

Mr. HARVEY. Is it the idea that they will be under the direction of the experiment station in Florida?

Mr. WEST. I don't know about that, sir.

Mr. MATTHEWS. I might add, if you will permit me, that the State prison at Raiford does work in close cooperation. It is sort of a cooperative proposition between the head of the prison and the experiment station people, naturally, the prisoners would take their orders from the prison head, but the research and all of that, it is my understanding, is worked out through the experiment station.

Mr. HARVEY. I would feel a great deal more kindly toward the whole thing if we had a letter here from the experiment station saying that this research-type work that was to be done, or contemplated to be done, was under their guidance, at least. Mr. Chairman, that is what I am getting around to, finally, that that would be satisfactory to me—that we certainly should have that. We know if research work and experiment work is in conjunction with our ARA in Washington, that we could justify it much easier—if it could be said that this was a research project under the supervision of Florida State University.

Mr. HERLONG. At least, working in cooperation with them.

Mr. HARVEY. Yes; yes.

Mr. HERLONG. I think I could get such a letter.

The CHAIRMAN. Not only that, but put that in the report.

Mr. HERLONG. I think I could get such a letter, and I will attempt to do that this afternoon.

The CHAIRMAN. That the land is to be used for the purposes suggested by the witness.

Mr. HERLONG. Yes, sir.

Mr. HARVEY. I think if I might be pardoned just one conclusion, we would be in a very vulnerable position even on the basis of having the Federal Government reimbursed for the actual cost of the land; unless we did have such an end use contemplated that would justify the project, I do not think we could justify it just as a prison, an area to establish a prison alone.

Mr. HERLONG. I appreciate the gentleman's remarks in that connection, and these gentlemen who are with me and I all know that we are asking for a great deal. We appreciate the fact that this committee has been kind enough to hear us on two occasions in behalf of this proposed legislation. And we want to cooperate with you to make it as feasible as possible for you to go ahead and approve the bill and we will attempt this afternoon to get such a letter for the committee so it can have it the first of next week.

The CHAIRMAN. Suppose you add an amendment on line 10, where it states the land shall be conveyed by the county—

upon the condition that the county reimburse the Federal Government to the extent of the original cost.

And a further condition that the land shall be used for the purposes specified. You said that you were going to conduct the experimental agricultural station there.

Mr. HERLONG. It will be for the State prison and you want something in the bill relating to research, also.

The CHAIRMAN. To take care of Mr. Harvey's objection. If you put in there what you said you are going to do with it.

Mr. HERLONG. To revert title would not be fee simple, that is true.

Mr. PALMER. Did you mean that we would have to pay the Federal Government what they paid for the land?

The CHAIRMAN. Reimburse the Government for the original investment, four or five dollars an acre.

Mr. PALMER. That would really be fine if we could get it that way.

Mr. WEST. I understand it.

The CHAIRMAN. I think we could justify it if you did that, and Mr. Harvey's suggestion, that is, that it not be only for a prison camp but for the experimental station.

Mr. PALMER. I do not know anything about prisons and the working of prisons. The way we look at it, if we get this land in a big body, we could then go ahead and save a lot of the prisoner expense by doing that. They could do a little farming, plant a few citrus trees, and so forth.

The CHAIRMAN. You say the land is not now in cultivation?

Mr. PALMER. No; it is in black jack oak.

The CHAIRMAN. That should be set out in the report, that the land is not in cultivation and you contemplate upon acquisition of the land that the State of Florida will clear the land and put it into cultivation and operate it as an experiment station.

Mr. PALMER. That is right.

The CHAIRMAN. If you put that in the report, I think we can justify the bill; otherwise it could hardly be justified. I do not think you could justify it in its present form in view of the Secretary's letter. The Federal Government would not make a profit on it, anyway.

It has probably increased in value by reason of the fact that it has been there and nothing been done with it. When was the land acquired?

Mr. HERLONG. In connection with when the land was acquired, it was acquired at various times, of course, but between 1935 and 1939—in those years.

The CHAIRMAN. You may proceed, Mr. West.

Mr. WEST. In this letter from Mr. Culver, he just mentions citrus, in other words, his plans, and they are to experiment with citrus and vegetables in general as well as improved pasture for livestock.

Those are the three things he sets out.

I wonder if I could put this in the record?

The CHAIRMAN. Without objection it will be inserted in the record.

(The letter is as follows:)

MEMORANDUM

NOVEMBER 7, 1957.

To : The board of commissioners of State institutions.

From : R. O. Culver, director, division of corrections.

Subject : Senate bill No. 111: An act to provide for the establishment of a branch of the Florida State Prison in Sumter County, Fla., on lands to be deeded to the State by Sumter County, said bill approved by the Governor May 13, 1957.

In keeping with the provisions of the above-named bill, a meeting was held at Bushnell, in the county of Sumter, on November 5, 1957, for the purpose of viewing the site proposed for the erection of a new prison. The meeting was attended by the Honorable J. C. Getzen, Jr., State senator, 38th district; the Honorable E. C. Rowell, representative from Sumter County; the county commissioners of Sumter County; Mr. Paul Skelton, business manager for the division of corrections; Mr. R. E. Gramling, assistant director in charge of inmate treatment and training for the division of corrections, and myself.

We were escorted on a tour of the proposed site for the new prison, which is located about 5 miles southwest of the town of Bushnell, and about 1 mile south of State Route 476, on the east bank of the Withlacoochee River. The available land consists of about 3,000 acres, composed mostly of rolling woodland. Located on the property, there is a limestone quarry and apparently considerable valuable timber. The Atlantic Coast Line Railroad crosses the property, and the Florida Power Co. has electricity available on the property. The land bordering the proposed site is for the most part planted to citrus, and is apparently used quite extensively for the raising of vegetables, and there is some improved pasture for livestock. There is an abundance of water to be had from the Withlacoochee River and from several small lakes.

Summing up the situation, I was very favorably impressed with the proposed site, and I believe it would be a well-chosen location for a penal institution.

In view of our ever-increasing prison population, I think it would be expedient to proceed to acquire title to the property in question, and formulate plans for the establishment of a prison in Sumter County. May I suggest that if any members of the board of commissioners of State institutions are interested in viewing this site, I will be happy to arrange for a tour at your convenience.

Respectfully submitted.

R. O. CULVER.

The CHAIRMAN. Do you have any further statement?

Mr. HERLONG. Mr. Peebles might like to say something.

Mr. PEEBLES. I would like to reemphasize that Sumter County has not grown from the standpoint of population and economy as the rest of Florida has.

As a matter of fact, we have a declining economy in Sumter County, and we regard the possibilities of getting this prison, if we are successful, as being a turning point in the development of our county. We need the job opportunities that it will create very badly. And, of course, that is the main concern that the chamber of commerce has with the acquisition of this land for the prison.

Mr. SIMPSON. I would like to ask if there is a shortage of prisons in Florida?

Mr. PEEBLES. There is a definite need for another prison. You see, we have grown—in other areas of the State—phenomenally, not in Sumter County.

Mr. SIMPSON. The Federal Government for years has been talking about another Alcatraz in the central part of the country. I would like to know if you have a shortage of capacity in Florida.

Mr. HERLONG. I can answer the question. You didn't ask me the question.

Mr. SIMPSON. I know. I would like to know if there is a shortage in Florida? Is it overcrowded?

Mr. WEST. Very definitely.

Mr. SIMPSON. They have need for another prison? Why? They have one.

Mr. PEEBLES. The main one is at Raiford which has been expanded. That is the permanent prison. But it has been recommended by experts that another prison be established.

Mr. SIMPSON. Is there a shortage? You just have one chief penitentiary in Florida?

Mr. WEST. Of a permanent nature. And of course, they have camps all over the State. Frankly, I don't know how many.

Mr. PEEBLES. They have a temporary prison at Avon Park.

Mr. SIMPSON. How close is this acreage to where they are shooting off these "sputniks"?

Mr. WEST. Three hundred miles, approximately.

Mr. PEEBLES. About 150 miles.

Mr. SIMPSON. Then there would never be any comeback on this committee that Cape Canaveral was being interfered with?

Mr. PEEBLES. No; they shoot in the other direction.

The CHAIRMAN. May I read you another part of this letter. The Secretary says:

The Department does not favor donation of such lands except in those instances where in 1954 the lands were either under long-term lease to public agencies or were being devoted to research.

In the light of what you have said here, it seems to me that you could meet these conditions set forth in the Secretary's letter. The first is that the management of "the land resources shall be on a permanent long-range basis." That is what you contemplate.

You contemplate conducting research on the land and an experiment station on the land.

It seems to me that you meet the conditions, although the Secretary states neither of these conditions exists as shown by the proposed bill.

Mr. HERLONG. The prison is not there yet, so they don't exist.

The CHAIRMAN. The bill itself does not set up these conditions.

Mr. HERLONG. I would rather get together with the counsel of the committee and the drafting service and put that language in the bill.

The CHAIRMAN. If you will put the language in the bill to reimburse the Federal Government and meeting these land-management conditions in the Secretary's letter, it seems to me that the bill might be made acceptable.

You work with Mr. Heimburger on that and meet the conditions that are set forth in the letter, without making it impossible for the State of Florida to acquire the land under this law.

Mr. SIMPSON. Since this becomes a public law and it reverts to the State of Florida, and since people move to Florida right now, is there any possibility of its getting into private hands for lots?

Mr. HERLONG. I would think that the provision in the bill that it is to be used for a prison would take care of that. Of course, once the State government gets it and constructs a prison on it, I cannot imagine their tearing the prison down and breaking it up into lots and selling them.

Mr. MATTHEWS. The bill states if it is not used for a prison in 1 year it goes back to the Federal Government.

Mr. HERLONG. The gentleman's question is as to 50 years from now.

Mr. SIMPSON. So that it does not get into the hands of private ownership and sold for lots and the like.

Mr. HERLONG. That is not contemplated in any way, that that could be done, or for it to be possible for that to be done.

Mr. SIMPSON. It would be helpful for it to be in the report and the bill.

Mr. HERLONG. That could be in the report; that would be the best place for that.

The CHAIRMAN. I wish you would see if you can have in the bill a provision providing for the land to revert to the United States Government when it ceases to be a prison or to be used for these purposes; it would defeat the object that you have in mind.

Mr. HERLONG. We would have to take that up with our State attorney general.

The CHAIRMAN. Get a letter from him saying that is not objectionable or is compatible with the spirit of the law; I would like to have it in the record since we have this comment by Mr. Simpson.

Mr. HERLONG. I think that can be done with no difficulty.

The CHAIRMAN. I think that would be helpful.

Mr. SIMPSON. I think that would be helpful to put that in the bill.

The CHAIRMAN. Unless there are further questions, we shall adjourn the meeting.

Mr. Herlong and Mr. Heimbürger will work out the suggestions.

Mr. HERLONG. Thank you very much.

Mr. WEST. We are deeply grateful to you for your meeting and consideration.

The CHAIRMAN. The hearing is adjourned.

(Whereupon, at 2:50 p. m., the committee adjourned.)

WATERSHED PROJECTS

FURNACE-BROOK MIDDLE RIVER, BUSSERON, AND
CROOKED CREEK

FRIDAY, AUGUST 8, 1958

WATERSHED PROJECTS

Furnace-Brook Middle River Project, Connecticut and
Massachusetts

Busseron Project, Indiana

Crooked Creek Project, Iowa

FRIDAY, AUGUST 8, 1958

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D. C.

The committee met, pursuant to call, at 10 a. m., in room 1310, New House Office Building, Hon. Harold D. Cooley (chairman of the committee) presiding.

The CHAIRMAN. The committee will please be in order.

I would like to recognize Mr. Heimbürger in connection with watershed projects.

How many such projects do you have, Mr. Heimbürger?

Mr. HEIMBURGER. Mr. Chairman, we have three watershed projects which have been transmitted to the Speaker by executive communication and referred to the committee.

The CHAIRMAN. We are delighted to have with us at this time Representative Antoni N. Sadlak, and Horace Seely-Brown, who are very much interested in the Furnace-Brook Middle River watershed project, and we would be delighted to hear from them briefly at this time.

Mr. HEIMBURGER. As you stated, Mr. Chairman, they are interested in the Furnace-Brook Middle River watershed project in Connecticut and Massachusetts, I assume.

STATEMENT OF HON. ANTONI N. SADLAK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CONNECTICUT

Mr. SADLAK. That is right.

Mr. Chairman and members of the committee, I am here today with my Congressman in behalf of this project. I am the Congressman at Large from the State of Connecticut. We have come to ask favorable consideration by resolution of this committee of the Furnace-Brook Middle River watershed project, which starts in Massachusetts just above the Connecticut line and has much effect upon the people whom Mr. Seely-Brown and I endeavor to represent.

This project has had complete agreement all the way along the line and they are ready to go to work on it in order to give only the actual protection of farm areas in the Stamford, Conn., area, but the psychological effect, especially since the very serious flood of 1955, is important.

I have checked with the counsel here and found that all the way along the line there has been complete unanimity and we come here this morning to urge the earnest consideration and approval of this project.

The CHAIRMAN. Mr. Seely-Brown is in favor of the project, is he not?

STATEMENT OF HON. HORACE SEELY-BROWN, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CONNECTICUT

Mr. SEELY-BROWN. Mr. Chairman, I might say that I was there in this village during the flood, and I have firsthand knowledge of the damage that was done in that area. I am sure any action that we took today here to resolve that problem would be gratefully appreciated by all.

Thank you very much.

Mr. POAGE. I would like to comment to this effect: I am delighted to see the gentlemen from New England realize the importance of these small watershed construction programs. I have probably had a little more experience with those kinds of floods, and I am sorry that they had to go through the experience, but I am very much pleased to find that they are realizing how important these projects are.

Mr. SEELY-BROWN. We agree with you, sir, at all times that the place to stop a flood is back in the hills where the flood starts and I have always been for that program.

Mr. HILL. I want to compliment my colleagues from the New England area for supporting programs such as this program is. I know how valuable they are, and I also feel the same way. I hope—and I do mean this as a serious suggestion—that in the future we have some support from the New England States on these projects. I am in full accord with this program. This seems to be a very valuable and necessary flood control project, and you shall have my support.

Mr. POAGE. Mr. Chairman, I move the approval of the project.

Mr. HILL. I second the motion.

The CHAIRMAN. All those in favor say "aye."

(General response, "aye.")

All those opposed, "no."

(No response.)

Mr. SIMPSON. Mr. Chairman, I want to support this project in view of the fact that the New England boys have always supported the farm program.

The CHAIRMAN. Thank you very much, gentlemen, for your appearance here today.

(Thereupon, the committee proceeded to consideration of other pending matters.)

THE BUSSEYON PROJECT, INDIANA, THE CROOKED CREEK PROJECT, IOWA

Mr. HEIMBURGER. In addition to the watershed projects, which the committee has approved this morning, we have two others, the Busseron watershed in Indiana and the Crooked Creek watershed in Iowa. Both of these have been transmitted pursuant to Public Law 566 and have been approved by the necessary State and Federal Government officials.

Mr. POAGE. I move that we approve them.

The CHAIRMAN. You have heard the motion. All in favor will say "aye"; opposed, "no."

(Whereupon the motion carried.)

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LEGISLATIVE HISTORY

Public Law 85-574
S. 3478

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Index and Summary of S. 3478

March 13, 1958 Rep. Sikes introduced H. R. 11415 which was referred to the House Agriculture Committee. Print of bill.

March 14, 1958 Sen. Symington introduced and discussed S. 3478, which was referred to the Senate Agriculture and Forestry Committee. Print of bill.

May 14, 1958 Senate committee ordered S. 3478 reported without amendment.

May 15, 1958 Senate committee reported S. 3478 without amendment. S. Rept. 1587. Print of bill and report.

May 21, 1958 Senate passed S. 3478 without amendment.

May 22, 1958 S. 3478 was referred to the House Agriculture Committee. Print of bill as referred.

July 2, 1958 House Agriculture committee ordered S. 3478 reported.

July 10, 1958 House committee reported S. 3478 without amendment. H. Rept. 2144. Print of bill and report.

July 21, 1958 House passed S. 3478 without amendment.

July 31, 1958 Approved: Public Law 85-574

Hearings: The House Agriculture Committee held Miscellaneous Hearings during April, May, June and July 1958; S. 3478, July 2, 1958.

DIGEST OF PUBLIC LAW 85-574

MAINTENANCE OF SUPPLY OF ANTI-HOG CHOLERA SERUM AND HOG-CHOLERA VIRUS. Amends Sec. 58 (b) of the Act of August 24, 1935, which directs the Secretary of Agriculture to enter into marketing agreements to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus, so as to change from May 1 to April 1 each year as the date manufacturers must have on hand an inventory equal to 40 percent of their previous year's sales. Provides that any marketing agreement may provide that upon written application by a manufacturer filed before September 1 of the preceding year, the Secretary may fix another date between January 1 and May 1 on which such manufacturer shall have such inventory if the Secretary finds that such action will tend to effectuate the purposes of the Act.

85TH CONGRESS
2D SESSION

H. R. 11415

IN THE HOUSE OF REPRESENTATIVES

MARCH 13, 1958

Mr. SIKES introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 58 (b) of the Act of August 24, 1935 (7
4 U. S. C. 853 (b)) is amended to read as follows:
5 “(b) Terms and conditions requiring each manufacturer
6 to have in inventory in his own possession on April 1 of
7 each year a reserve supply of completed serum equivalent
8 to not less than 40 per centum of his previous year's sales
9 of all serum, except that any marketing agreement may
10 provide that upon written application by a manufacturer
11 filed before September 1 of the preceding year, the Secretary

1 may fix another date between January 1 and May 1 on
2 which such manufacturer shall have such inventory if the
3 Secretary finds that such action will tend to effectuate the
4 purposes of this Act. The Secretary may impose such terms
5 and conditions upon granting any such application as he
6 finds necessary to effectuate the purposes of this Act. Serum
7 used in computing the required reserve supply of any manu-
8 facturer shall not again be used in computing the required
9 reserve supply of any other manufacturer.”

85TH CONGRESS
2D SESSION

H. R. 11415

A BILL

To insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.

By Mr. SIKES

MARCH 13, 1958

Referred to the Committee on Agriculture

S. 3478

IN THE SENATE OF THE UNITED STATES

MARCH 14, 1958

Mr. SYMINGTON introduced the following bill ; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 58 (b) of the Act of August 24, 1935 (7
4 U. S. C. 853 (b)), is amended to read as follows:

5 “(b) Terms and conditions requiring each manufac-
6 turer to have in inventory in his own possession on April 1
7 of each year a reserve supply of completed serum equivalent
8 to not less than 40 per centum of his previous year's sales
9 of all serum, except that any marketing agreement may
10 provide that upon written application by a manufacturer
11 filed before September 1 of the preceding year, the Secre-

1 tary may fix another date between January 1 and May 1
2 on which such manufacturer shall have such inventory if
3 the Secretary finds that such action will tend to effectuate
4 the purposes of this Act. The Secretary may impose such
5 terms and conditions upon granting any such application as
6 he finds necessary to effectuate the purposes of this Act.
7 Serum used in computing the required reserve supply of any
8 manufacturer shall not again be used in computing the
9 required reserve supply of any other manufacturer.”

A BILL

To insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.

By Mr. SYMINGTON

MARCH 14, 1958

Read twice and referred to the Committee on
Agriculture and Forestry

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CARLSON:

S. 3476. A bill for the relief of Mercedes Garcia; and

S. 3477. A bill for the relief of Byron C. Boone and Eva B. Boone; to the Committee on the Judiciary.

By Mr. SYMINGTON:

S. 3478. A bill to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. SYMINGTON when he introduced the above bill, which appear under a separate heading.)

By Mr. KEFAUVER:

S. 3479. A bill to amend section 11 of the Clayton Act to invest the Federal Trade Commission with jurisdiction to issue preliminary injunctions in the enforcement of section 7 of the Clayton Act under certain circumstances, and for other purposes; to the Committee on the Judiciary.

(See the remarks of Mr. KEFAUVER when he introduced the above bill, which appear under a separate heading.)

By Mr. CAPEHART:

S. 3480. A bill for the relief of Su-Ming Tseng and her daughter, Wu-Mo Tseng; to the Committee on the Judiciary.

By Mr. PURTELL:

S. 3481. A bill to amend the Water Pollution Control Act with respect to the limitations on grants for construction under such act; to the Committee on Public Works.

(See the remarks of Mr. PURTELL when he introduced the above bill, which appear under a separate heading.)

By Mr. GREEN (by request):

S. 3482. A bill to authorize certain officers of the Department of State and the Foreign Service to administer oaths in the performance of their official duties; to the Committee on Foreign Relations.

(See the remarks of Mr. GREEN when he introduced the above bill, which appear under a separate heading.)

By Mr. THURMOND:

S. 3483. A bill to allow a credit of \$100 against the individual income tax for a taxpayer who is a student at an educational institution above high school and for each dependent who is such a student; to the Committee on Finance.

(See the remarks of Mr. THURMOND when he introduced the above bill, which appear under a separate heading.)

By Mr. RUSSELL:

S. 3484. A bill to amend section 404 of the Housing Amendments of 1955; to the Committee on Banking and Currency.

By Mr. LANGER:

S. 3485. A bill for the relief of Lee Mao Ning; to the Committee on the Judiciary.

By Mr. KENNEDY (for himself and Mr. IVES):

S. 3486. A bill to amend section 41 of the Longshoremen's and Harbor Workers' Compensation Act so as to provide a system of safety rules, regulations, and safety inspection and training, and for other purposes; to the Committee on Labor and Public Welfare.

By Mr. O'MAHONEY (for himself and Mr. MONROE):

S. 3487. A bill to prohibit the granting of a television-station license to any common carrier by air, and for other purposes; to the Committee on Interstate and Foreign Commerce.

(See the remarks of Mr. O'MAHONEY when he introduced the above bill, which appear under a separate heading.)

By Mr. LONG (for himself, Mr. CLARK, Mr. KEFAUVER, and Mr. YARBOROUGH):

S. 3488. A bill to amend the Natural Gas Act with respect to jurisdiction over sales

of natural gas by independent producers; to the Committee on Interstate and Foreign Commerce.

(See the remarks of Mr. LONG when he introduced the above bill, which appear under a separate heading.)

By Mr. CAPEHART (for himself, Mr. ALLOTT, Mr. BARRETT, Mr. BRICKER, Mr. CARLSON, Mr. CASE of South Dakota, Mr. COOPER, Mr. COTTON, Mr. CURTIS, Mr. DIRKSEN, Mr. DWORSHAK, Mr. HICKENLOOPER, Mr. HOBLITZELL, Mr. HRUSKA, Mr. JENNER, Mr. KNOWLAND, Mr. LANGER, Mr. MALONE, Mr. MARTIN of Pennsylvania, Mr. MARTIN of Iowa, Mr. MORTON, Mr. MUNDT, Mr. POTTER, Mr. REVERCOMB, Mr. SCHOEPFEL, Mr. THYE, Mr. WILEY, and Mr. YOUNG):

S. 3489. A bill to provide for the conversion of surplus grain owned by the Commodity Credit Corporation into industrial alcohol for stockpiling purposes; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. CAPEHART when he introduced the above bill, which appear under a separate heading.)

By Mr. CASE of South Dakota:

S. 3490. A bill to enable persons in rural areas adversely affected by the proposed location of a highway on the National System of Interstate and Defense highways to register their protests over the proposed location; to the Committee on Public Works.

(See the remarks of Mr. CASE of South Dakota when he introduced the above bill, which appear under a separate heading.)

By Mr. BARRETT:

S. 3491. A bill for the relief of Anthony G. Troullos; to the Committee on the Judiciary.

By Mr. McCLELLAN (by request):

S. 3492. A bill to amend title I of the United States Code to eliminate the requirement that proclamations by the President be contained in the United States Statutes at Large; to the Committee on Government Operations.

(See the remarks of Mr. McCLELLAN when he introduced the above bill, which appear under a separate heading.)

RESOLUTION

Mr. MURRAY, from the Committee on Interior and Insular Affairs, reported an original resolution (S. Res. 277), which was referred to the Committee on Rules and Administration.

(See resolution printed in full where it appears under the heading "Report of a Committee.")

MAINTENANCE OF SUPPLY OF ANTI-HOG-CHOLERA SERUM AND HOG-CHOLERA VIRUS

Mr. SYMINGTON. Mr. President, I introduce for appropriate reference a bill to amend the act of August 24, 1935, to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.

Mr. President, hog cholera is the No. 1 killer of swine in the United States. The Department of Agriculture has estimated that losses from this disease amount to some \$60 million annually.

Hog cholera is highly contagious, and outbreaks rapidly reach epidemic proportions.

Recognizing this fact, Congress in 1935 directed the Secretary of Agriculture to enter into marketing agreements to insure that an adequate supply of serum would be available to cope with outbreaks of this disease. The law required

serum producers to have on hand as of May 1 of each year an inventory of completed serum equal to 40 percent of their previous year's sales.

Mr. President, since 1935 the production patterns of swine in the United States have changed. Production is no longer concentrated within a few months, but is more constant throughout the year. In addition, swine production has become increasingly important in the Southern States.

These changing production patterns have brought on a change in the demand for hog-cholera serum. According to industry sales data, heavy requirements begin during the month of March and extend through June. Serum producers, therefore, must produce excess serum in order to maintain their inventory on May 1.

The industry, after consultation with the Department of Agriculture, has asked that this existing law be amended so as to require the 40-percent inventory as of April 1 of each year.

In addition, the bill I have introduced would authorize the Secretary of Agriculture, upon written application by a manufacturer, to establish the date between January 1 and May 1, if the Secretary finds this action will tend to effectuate the purposes of the law.

Mr. President, this bill would amend existing law so as to make the requirements more realistic in light of present-day conditions, and to prevent undue hardship upon individual manufacturers. It would in no way change the congressional intent to have adequate supplies of serum on hand at all times to cope with serious outbreaks of hog cholera.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3478) to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus, introduced by Mr. SYMINGTON, was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

AMENDMENT OF CLAYTON ACT, RELATING TO ISSUANCE OF CERTAIN PRELIMINARY INJUNCTIONS

Mr. KEFAUVER. Mr. President, I introduce, for appropriate reference, a bill amending section 11 of the Clayton Act authorizing the Federal Trade Commission to issue preliminary injunctive orders, under certain circumstances, in its enforcement of section 7 of the Clayton Act. The bill provides that the Federal Trade Commission in any proceeding in which its complaint charges a violation of section 7 of the Clayton Act, which is the antimerger section of the Clayton Act, may at any time prior to the entry of its order to cease and desist and divest, issue a preliminary order requiring any respondent charged with such violation to operate the acquired corporation or property as a separate business entity, when the Commission finds that any part of an order to cease and desist and divest, which it may issue, might be impaired or rendered ineffectual unless the corporations were maintained separately. To carry out this purpose, the prelimi-

nary order which the Commission might issue may direct the acquiring corporation to take, refrain from taking or reverse any action which might impair or render ineffectual the Commission's order under section 7.

The bill further provides that such order shall be issued on a finding by the Commission itself, and only on the record of any hearing when the respondent charged with such violation has notice of the purpose of the hearing. It further provides that such preliminary order shall be reviewable and enforceable in the same manner as is provided in the Clayton Act for the review and enforcement of the Commission's orders to cease and desist and divest.

In very simple language, the purpose of this bill is to prevent the scrambling of the merged assets in such a manner as to render ineffectual any final order by the Federal Trade Commission. It has been truly said that after assets have been scrambled, it is impossible to unscramble them in such a way as to effectively restore the previously competitive situation.

It is more than 7 years since the Celler-Kefauver amendment to section 7 of the Clayton Act was enacted. Not one case has yet been finally adjudicated. In the interim there have been a number of instances in which complaints have issued but where the assets have been so scrambled and intermingled that even if it is finally found to have been illegal an effective order of divestiture cannot possibly be issued. In this way the intent and purpose of Congress has been frustrated. The purpose of this bill is to make meaningful and effective what Congress passed in 1950.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3479) to amend section 11 of the Clayton Act to invest the Federal Trade Commission with jurisdiction to issue preliminary injunctions in the enforcement of section 7 of the Clayton Act under certain circumstances, and for other purposes, introduced by Mr. KEFAUVER, was received, read twice by its title, and referred to the Committee on the Judiciary.

AMENDMENT OF WATER POLLUTION CONTROL ACT, RELATING TO LIMITATIONS ON GRANTS FOR CONSTRUCTION

Mr. PURTELL. Mr. President, I introduce, for appropriate reference, a bill to amend the Water Pollution Control Act with respect to the limitations on grants for construction under that act.

This proposal would change the restrictive limitations on grants for construction work under the act—an amendment whereby a properly organized sewer authority or sewer district containing 2 or more towns would be eligible for more aid than \$250,000 for the single project.

In other words, section 6 (a) of Public Law 660, 84th Congress, authorizes the Surgeon General to make grants to any State, municipality, or intermunicipal or interstate agency for the construction of necessary treatment works to prevent the discharge of untreated or inade-

quately treated sewage or other waste into any waters, and for the purpose of reports, plans, and specifications in connection therewith.

Section 6 (b) (2) of the same act further states:

No grant shall be made for any project in an amount exceeding 30 percent of the estimated reasonable cost thereof as determined by the Surgeon General or in an amount exceeding \$250,000, whichever is the smaller.

Therefore, under the act, any single project, whether it be sponsored by 1 municipality or an intermunicipal agency formed by several municipalities, is subject to the limitation in the grant of 30 percent of the cost of the project, or \$250,000, whichever is less. It must be noted, however, that there is no provision in the act, or the regulations that have been issued thereunder, that limits the number of construction projects for which any one city, municipality, sanitary district, or other governmental unit may receive Federal financial assistance.

It is to be noted that while there is no limitation upon the number of individual projects which may be authorized and for which Federal financial aid may be given in any one city, municipality, sanitary district, or other governmental unit, if such city, municipality, sanitary district, or other governmental unit were to join in a combined project, under the existing law, the maximum Federal financial aid which could be given would be only 30 percent of the cost of such combined project, or \$250,000, whichever is less. Under the terms of my bill each participating group would be eligible for the same Federal financial assistance it would receive were it undertaking and completing a given project within the confines of its local boundaries.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3481) to amend the Water Pollution Control Act with respect to the limitations on grants for construction under such act, introduced by Mr. PURTELL, was received, read twice by its title, and referred to the Committee on Public Works.

ADMINISTRATION OF OATHS BY CERTAIN OFFICERS OF THE DEPARTMENT OF STATE

Mr. GREEN. Mr. President, on March 11, 1958, the Acting Secretary of State addressed to the Vice President a letter transmitting a bill to authorize certain officers of the Department of State and the Foreign Service to administer oaths in the performance of their official duties.

I introduce, by request, the bill transmitted to the Senate, so that it may be appropriately referred.

I ask unanimous consent that the letter from the Acting Secretary of State to the Vice President be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 3482) to authorize certain officers of the Department of State and the Foreign Service to administer oaths

in the performance of their official duties, introduced by Mr. GREEN, by request, was received, read twice by its title, and referred to the Committee on Foreign Relations.

The letter presented by Mr. GREEN is as follows:

MARCH 11, 1958.

HON. RICHARD M. NIXON,

President of the Senate.

DEAR MR. VICE PRESIDENT: Enclosed is the draft of a proposed bill to authorize certain officers of the Department of State and the Foreign Service to administer oaths in the performance of their official duties.

This authority is requested in order that persons submitting false affidavits to the Department in connection with certain investigations and special inquiries will be clearly liable to prosecution for perjury. The statute (5 U. S. C. 93) under which affidavits are presently being taken has been examined by the Department. There appears to be some doubt whether or not that statute does, in fact, specifically authorize officers and employees of the Department and Foreign Service to administer oaths in certain instances. The Department, therefore, recommends that such doubt be eliminated by additional legislation.

There are basically two types of investigations in which the requested authority would be most frequently exercised: (1) Cases involving possible violations of passport, visa, and munitions laws or regulations, and (2) cases under investigation where derogatory allegations of a security nature have been made or reported concerning employees of or applicants for employment by the Department or the Foreign Service.

I am sure you will understand that all persons contacted in the course of investigating cases of the type referred to above will not be questioned under oath. It is believed, however, that if the special agent or security officer in charge of an investigation in these two general fields were in a position to request certain key witnesses to make their statements under oath in the form of an affidavit, fictitious claims, and irresponsible allegations would be effectively discouraged as the consequence of perjury becomes apparent. Moreover, information submitted in the form of an affidavit would supply a more effective basis upon which to take any required action.

It is not intended that personnel who are the subjects of routine applicant or incumbent investigation will normally be required to make statements under oath concerning their cases. As I am sure you know, the Government is now protected against false statements of this kind by existing statutes which specifically prescribe disqualification from employment and possible prosecution for such offenses. There is also no intention to require affidavits from those persons interviewed in the course of such routine investigation. It is our feeling that any such requirement or use would destroy the informality which is essential to these interviews if the interviewee were given the impression that he must be willing to swear to everything he said.

It is necessary for the proposed bill to include officers of the Foreign Service as well as those of the Department of State since a growing number of domestic positions, including investigative positions (special agents, security officers), are now being filled by Foreign Service personnel. The proposed legislation would have little or no effect on our investigative personnel assigned abroad since most of these individuals hold commissions as consular officer and are thus empowered to administer oaths under existing legislation. However, in the rare instance when an individual is serving abroad in an investigative capacity (security officer, special

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 15, 1958
For actions of May 14, 1958
85th-2d, No. 76

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HIGHLIGHTS: House passed mutual security authorization bill. Senate committee ordered reported bill to amend Federal Seed Act. Senate made Packers and Stockyards bill unfinished business.

SENATE

1. THE AGRICULTURE AND FORESTRY COMMITTEE ordered reported the following bills:
~~S. 1939, without amendment, to amend the Federal Seed Act; S. 3076, without amendment, to authorize the transportation in the U. S. of live foot-and-mouth disease virus for research purposes; S. 3478, without amendment, to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus; H. R. 6765, without amendment, to repeal the prohibition against cotton acreage reports based on farmers' planting intentions; H. R. 8490, with amendment, to make two technical adjustments in the law relating to rice acreage allotments, to provide for reassignment of such allotments when the land on which the allotment has previously been made is taken for public purposes, and to increase marketing quota penalties; and a clean bill in lieu of S. 672 and S. 2490, providing for the control of noxious weeds on Federal lands. pp. D413-14~~
2. WATERSHEDS. The Agriculture and Forestry Committee approved the following watershed projects: Ellison Creek, Miss., Little Pudding River, Oreg., Little Tallapoosa River, Ga., Mud Creek, N. C., Prairie Creek, Inc., and Swan-Buffero Creek, N. C. p. D414

3. NOMINATIONS. The Agriculture and Forestry Committee reported the nominations of Marvin J. Briggs, of Ind., and Frank Stubbs, of Tex., to be members of the Federal Farm Credit Board. p. 7748
4. TEXTILES; WILDLIFE. The Interstate and Foreign Commerce Committee ordered reported with amendments H. R. 469, to provide protection of the public against misbranding and false advertising of the fiber content of textile fiber products, and S. 2447, to authorize studies of the effects of insecticides upon fish and wildlife. p. D414
5. CCC. Received from the Comptroller General an audit report on the Commodity Credit Corporation for fiscal 1957. p. 7733
6. EDUCATION. Both Houses received from HEW a proposed bill to "facilitate administration of the act authorizing cooperative research in education"; to H. Education and Labor and S. Labor and Public Welfare Committees. pp. 7733, 7853
7. TAXES. The Judiciary Committee reported with amendment S. 586, to extend the time for filing of claims under sec. 6420 of the Internal Revenue Code of 1954 for refund of taxes on gasoline used on farms between Jan. 1, 1956 and June 30, 1956 (S. Rept. 1577). p. 7737
8. STATEHOOD. Sen. Yarborough inserted a newspaper editorial urging statehood for Alaska, "The Case for Alaska: Reasons for Granting Statehood Summarized." p. 7743
9. FOREIGN TRADE. Sens. Wiley and Smathers spoke in favor of an expanded trade program between the U. S. and Latin America. pp. 7747, 7775-80
10. HUMANE SLAUGHTER. Sen. Neuberger inserted a release urging the use of humane methods in the slaughter of animals, "Protestants, Catholics Ask More Humane Animal Slaughtering." pp. 7765-66
11. POSTAL RATES. Sen. Johnston announced that "conferees on the postal rate and pay bill (H. R. 5836) have today completed their work, and we hope to have the report drafted and submitted to the Senate Monday." p. 7780
12. MEATPACKERS. S. 1356, to transfer certain functions under the Packers and Stockyards Act from this Department to the Federal Trade Commission, was made the unfinished business. p. 7795

HOUSE

13. FOREIGN AID. Passed, 259 to 134, with amendments, H. R. 12181, to extend the mutual security program. pp. 7796-7842
Agreed to an amendment by Rep. Feighan to provide that no assistance under the act shall be furnished to Yugoslavia unless the President reports his reasons therefor to Congress. pp. 7796-97
Rejected, 34 to 58, an amendment by Rep. Bentley which he stated would have provided "that the dollars loaned to a foreign government or to individuals under the revisions of title II, the Development Loan Fund, would have to be spent inside the United States, unless the delivered price of these commodities for the purchase of which the loan funds would be used exceeds 15 percent of a delivered price from foreign sources, unless these commodities are not available." pp. 7804-05

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 16, 1958
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85th-2d, No. 77

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HIGHLIGHTS: Senate passed Packers and Stockyards bill. House passed State-Justice appropriation bill. Sen. Yarborough and Rep. Rutherford introduced and Sen. Yarborough discussed bills to permit increased allotments for production of extra-long staple cotton seed. Sen. Cooper introduced and discussed bill to extend availability of appropriations for emergency conservation measures.

HOUSE

1. APPROPRIATIONS. Passed, 319 to 51, with amendment H. R. 12428, the State, Justice, and Judiciary appropriation bill. Agreed to an amendment to raise the salary of the Commissioner of Immigration and Naturalization to \$20,000. Rejected an amendment to reduce the funds for the Civil Rights Division by \$342,000. pp. 7943-60
Authorized the Appropriations Committee to file a report on the Commerce Department appropriations bill before midnight Friday. p. 7941
2. WATER RESOURCES. Rep. Boykin inserted a statement by the Warrior-Tombigbee Development Ass'n on the need for improving those river systems. pp. 7971-2
Received from the Budget Bureau a plan for work of improvement in the Elm River watershed project, N. D. p. 7973
3. NEWSPRINT. Received from the Attorney General a report on the newsprint industry. p. 7972
4. LEGISLATIVE PROGRAM. Rep. McCormack announced that the Commerce appropriation bill would be considered Tues., May 20, and that H. R. 7999, providing statehood for Alaska, would be considered May 21 through 24. pp. 7942-3

5. ADJOURNED until Monday, May 19. p. 7972.

SENATE

May 15, 1958

6. MEATPACKERS. Passed S. 1356, to clarify the jurisdictions of this Department and the Federal Trade Commission for the enforcement of provisions of the Packers and Stockyards Act, after agreeing to the amendment of the Agriculture and Forestry Committee which was a substitute for the amendment of the Judiciary Committee. pp. 7877-82, 7883-7905

As passed the bill provides that this Department shall have exclusive jurisdiction with respect to livestock and poultry through the packing plant, including all transactions in livestock in commerce at posted yards and elsewhere; the Federal Trade Commission shall have exclusive jurisdiction with respect to products other than livestock, meats, meat food products, livestock products in unmanufactured form, poultry, and poultry products; and both agencies shall have concurrent jurisdiction with respect to meats, meat food products, livestock products in unmanufactured form, and poultry products after they have been prepared in form for distribution.

Rejected an amendment by Sen. Dirksen, in the nature of a substitute for the amendment of the Agriculture and Forestry Committee. He explained that his amendment was "identical to H. R. 9020 by Rep. Cooley" and "amends section 202 and inserts 'products,' so as actually to put the emphasis in the direction of things as distinguished from persons. It is the same as the Holland amendment, in that it expands the general concept of marketing agency and dealer and stockyards so far as commerce is concerned. It contains one provision which does not appear in the other measures, and that is with respect to oleo-margarine and retails sales, jurisdiction over which is placed in the Federal Trade Commission. The difference lies in the fact that at the retail level, the Secretary of Agriculture can request the Federal Trade Commission not only to make an investigation, which is the case under existing law, and make a report, which is the case under existing law, but to institute proceedings, which is an authority not carried in existing law." pp. 7891-7904

7. RICE; HOG CHOLERA. The Agriculture and Forestry Committee reported H. R. 8490, with amendment, to make two technical adjustments in the law relating to rice acreage allotments, to provide for reassignment of such allotments when the land on which the allotment has previously been made is taken for public purposes, and to increase marketing quota penalties (S. Rept. 1585); and S. 3478, without amendment, to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus (S. Rept. 1587). p. 7856

8. NOMINATIONS. Confirmed the nominations of Marvin J. Briggs, of Ind., and Frank Stubbs, of Tex., to be members of the Federal Farm Credit Board. p. 7855

9. WOOL. Sen. Langer inserted a N. Dak. Wool Growers Assoc. resolution favoring enactment of legislation to extend the National Wool Act, and opposing legislation to permit the duty-free entry of certain low grade wools. p. 7856

10. BRUCELLOSIS. Sen. Thye inserted a newspaper article explaining the work done in the fight against brucellosis at the WHO Brucellosis Center at the University of Minnesota, "University Spearheads Global Fight on Brucellosis." p. 7876

11. MINERALS STABILIZATION. Sen. Murray inserted a newspaper editorial on the "so-called domestic minerals stabilization plan, which the Secretary of the Interior unveiled in part before the Senate Interior and Insular Affairs Committee on April 28, 1958," which stated that the proposal was not popular with the mining industry. pp. 7862-63

ANTI-HOG-CHOLERA SERUM—CHANGE IN MINIMUM INVENTORY DATE

MAY 15, 1958.—Ordered to be printed

Mr. SYMINGTON, from the Committee on Agriculture and Forestry,
submitted the following

REPORT

[To accompany S. 3478]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 3478) to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill would substitute April 1 (or, for any particular manufacturer, any other date between January 1 and May 1 fixed by the Secretary upon application of the manufacturer) for May 1 as the date on which the prescribed minimum inventory of serum is to be on hand under anti-hog-cholera serum marketing agreements. The need for the change results from the fact that for some manufacturers, particularly those in the South, the heavy demand for serum begins in March. The bill is further explained in the report from the Department of Agriculture which favors its enactment.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington, D. C., May 5, 1958.

HON. ALLEN J. ELLENDER,
*Chairman, Committee on Agriculture and Forestry,
United States Senate.*

DEAR SENATOR ELLENDER: This is in reply to your request of March 17 for a report on S. 3478, a bill to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.

The Department of Agriculture favors the enactment of S. 3478.

The bill would amend existing law that directs the Secretary to enter into marketing agreements to insure the maintenance of an

adequate supply of anti-hog-cholera serum and hog-cholera virus. The bill would change May 1 to April 1 of each year as the date manufacturers must have on hand an inventory equal to 40 percent of their previous year's sales. In addition, the bill would authorize the Secretary, upon written application by a manufacturer prior to September 1 of the preceding year, to establish other than April 1, a date between January 1 and May 1, if the Secretary finds such action tends to effectuate the purposes of the existing law.

The date of April 1 is equally as appropriate as May 1 for requiring the manufacturers of anti-hog-cholera serum and hog-cholera virus to have on hand the 40 percent minimum inventory based upon their previous year's sales. For some manufacturers, particularly those whose business is primarily in the South, there are indications that their inventories should be on hand earlier because their peak requirements occur earlier than April 1, and that if they supply their demand and meet the reserve requirement on the required date, they allegedly are penalized by carrying stock until the next marketing season. For others, May 1 may be a preferable date. This would allow such manufacturers an additional month to manufacture sufficient serum for their reserve.

The stipulation requiring an application by September 1 of the preceding calendar year to the Secretary for an alternate date will have the effect of causing such manufacturers to plan production schedules in advance instead of relying on chance and the fluctuations of the livestock market in obtaining suitable production animals. The proposed legislation would modify the language employed in the reserve provision by substituting for "have available" the more explicit term "have in inventory in his own possession." The latter term reflects the Department's long-established interpretation and application of "have available" and we therefore do not consider this change in terminology to be a substantive change. The words "have available" are perhaps more susceptible to misinterpretation by manufacturers than the proposed new phraseology.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

/s/ E. T. BENSON, *Secretary*.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

ACT OF AUGUST 24, 1935 (7 U. S. C. 853)

SEC. 58. Marketing agreements entered into pursuant to section 57 of this Act shall contain such one or more of the following terms and conditions and no others as the Secretary finds, upon the basis of the hearing provided for in section 57, will tend to effectuate the policy declared in section 56 of this Act:

(a) One or more of the terms and conditions specified in subsection (7) of section 8c of the Agricultural Adjustment Act, as amended.

(b) Terms and conditions requiring each manufacturer to have **[available]** *in inventory in his own possession* on **[May 1]** *April 1* of each year a reserve supply of completed serum equivalent to not less than 40 per centum of his previous year's sales of all serum, except that any marketing agreement may provide that upon written application by a manufacturer filed before September 1 of the preceding year, the Secretary may fix another date between January 1 and May 1 on which such manufacturer shall have such inventory if the Secretary finds that such action will tend to effectuate the purposes of this Act. The Secretary may impose such terms and conditions upon granting any such application as he finds necessary to effectuate the purposes of this Act. Serum used in computing the required reserve supply of any manufacturer shall not again be used in computing the required reserve supply of any other manufacturer.



Calendar No. 1617

85TH CONGRESS
2D SESSION

S. 3478

[Report No. 1587]

IN THE SENATE OF THE UNITED STATES

MARCH 14, 1958

Mr. SYMINGTON introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

MAY 15, 1958

Reported by Mr. SYMINGTON, without amendment

A BILL

To insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That section 58 (b) of the Act of August 24, 1935 (7
4 U. S. C. 853 (b)), is amended to read as follows:

5 “(b) Terms and conditions requiring each manufac-
6 turer to have in inventory in his own possession on April 1
7 of each year a reserve supply of completed serum equivalent
8 to not less than 40 per centum of his previous year's sales
9 of all serum, except that any marketing agreement may
10 provide that upon written application by a manufacturer
11 filed before September 1 of the preceding year, the Secre-

1 tary may fix another date between January 1 and May 1
2 on which such manufacturer shall have such inventory if
3 the Secretary finds that such action will tend to effectuate
4 the purposes of this Act. The Secretary may impose such
5 terms and conditions upon granting any such application as
6 he finds necessary to effectuate the purposes of this Act.
7 Serum used in computing the required reserve supply of any
8 manufacturer shall not again be used in computing the
9 required reserve supply of any other manufacturer.”

85TH CONGRESS
2d Session

S. 3478

[Report No. 1587]

A BILL

To insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.

By Mr. SYMINGTON

MARCH 14, 1958

Read twice and referred to the Committee on
Agriculture and Forestry

MAY 15, 1958

Reported without amendment

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
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HIGHLIGHTS: See page 6.

HOUSE

1. APPROPRIATIONS. Received the conference report on H. R. 10746, the Interior appropriation bill for 1959, which includes Forest Service items (H. Rept. 1757). (pp. 8253-54, 8306) See table at the end of this Digest for information regarding Forest Service items, and excerpts from the conference report.
2. WOOL. The "Daily Digest" states as follows: "Committee on Agriculture: Subcommittee on Livestock and Feed Grains favorably reported to the full committee a committee print to extend the National Wool Act for 3 years, the provisions thereof to be included in an omnibus farm bill." p. D447
3. STATEHOOD. Agreed, 217 to 172, to a motion by Rep. Aspinall to begin consideration of H. R. 7999, the Alaska statehood bill, after the Speaker overruled a point of order by Rep. Cannon that the bill was not a privileged matter and the motion was out of order. pp. 8254-73

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4. POSTAL RATES. Received the conference report on H. R. 5836, the postal rate and pay increase bill (H. Rept. 1760). (pp. 8274-93, 8307) Rep. McCormack announced that the conference report will be considered today, May 22. (p. 8293)
 5. TRADE AGREEMENTS. The Ways and Means Committee reported without amendment H. R. 12591, to extend the authority of the President to enter into trade agreements (H. Rept. 1761). p. 8307
 6. BUILDING SPACE. The Government Operations Committee ordered reported with amendment S. 2533, to authorize GSA to lease space for Federal agencies. p. D447
 7. PERSONNEL. The Government Operations Committee ordered reported H. R. 11133, to amend the Administrative Expenses Act so as to provide for the payment of travel costs for certain Federal personnel appointments to areas in which the CSC has determined there is a manpower shortage. p. D447
 8. LANDS. The Interior and Insular Affairs Committee ordered reported H. R. 6074 and H. R. 6075, to provide for the acquisition of lands for the U. S. required for the reservoirs created by the construction of the Randall and Oahe Dams on the Missouri River. p. D448
 9. MUTUAL SECURITY. Received from the Manager, Development Loan Fund, letters relative to the establishment of loans in various amounts, pursuant to title II of the Mutual Security Act of 1954, for several foreign countries. p. 8306
- SENATE
10. REA. Sen. Humphrey criticized the Secretary's actions under Reorganization Plan No. 2 of 1953 and asserted that they made the REA Administrator a figure-head. He announced that his Reorganization Subcommittee would hold hearings on this matter. He criticized Administration proposals on REA financing and inserted various resolutions from rural electric ass'ns opposing any increase in REA interest rates and articles from Rural Electrification magazine opposing such increases. pp. 8219-25
 11. FARM PRICES. Sen. Johnston stated that cotton farmers were in difficulties and that the Administration had not "followed through" on recommendations of the Commission on Increased Industrial Uses, and urged the Senate to vote to re-pass the freeze measure over the President's veto. pp. 8233-4
 12. SEEDS. Passed without amendment S. 1939, to make various amendments to the Federal Seed Act. pp. 8211-12
 13. WEED CONTROL. Passed without amendment S. 3861, to provide for the control of noxious weeds on Federal lands. p. 8211
 14. LIVESTOCK DISEASES. ~~Passed without amendment S. 3076, to authorize the transportation in the U. S. of live foot and mouth disease virus for research purposes. p. 8211.~~
Passed without amendment S. 3478, to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus. pp. 8210-11
 15. RICE. Passed as reported H. R. 8490, to make two technical adjustments in the law relating to rice acreage allotments, to provide for reassignment of such allotments when the lands on which the allotment has previously been made is taken for public purposes, and to increase marketing quota penalties. pp. 8234-5

lege under the Immigration and Nationality Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

RELIEF OF CERTAIN ALIENS

The Senate proceeded to consider the joint resolution (H. J. Res. 529) for the relief of certain aliens, which had been reported from the Committee on the Judiciary, with amendments, on page 1, line 12, after the word "act"; to insert "Ellen Yuin-Shang Chung Au, Mosche Davidovitz, Frieda Davidovitz," and on page 2, line 3, after the name "Mohajer", to strike out "Eliseva Kaufman (Saltz)."

The amendments were agreed to.

The amendments were ordered to be engrossed, and the joint resolution to be read a third time.

The joint resolution was read the third time and passed.

ADMISSION INTO THE UNITED STATES OF CERTAIN ALIENS

The Senate proceeded to consider the joint resolution (H. J. Res. 552) to facilitate the admission into the United States of certain aliens, which had been reported from the Committee on the Judiciary, with amendments, on page 2, at the beginning of line 1, to strike out:

SEC. 3. For the purposes of the Immigration and Nationality Act, Jamie H. Salva and Fred H. Salva shall be deemed to be nonquota immigrants.

And insert:

SEC. 3. For the purposes of sections 101 (a) (27) (A) and 205 of the Immigration and Nationality Act, Jamie H. Salva and Fred H. Salva shall be held and considered to be the minor alien children of M. Sgt. Calvin V. Salva, a United States citizen.

After line 3, to strike out:

SEC. 4. For the purposes of the Immigration and Nationality Act, Teruko Miesse shall be deemed to be a nonquota immigrant.

And insert:

SEC. 4. For the purposes of the Immigration and Nationality Act, Teruko Miesse, the widow of a United States citizen, shall be deemed to be within the purview of section 101 (a) (27) (A) of that act, and the provisions of section 205 of that act shall not be applicable in this case.

After line 16, to add a new section, as follows:

SEC. 5. For the purposes of sections 101 (a) (27) (A) and 205 of the Immigration and Nationality Act, the minor child, Athos Benedos Perin, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Peter Perin, citizens of the United States.

At the beginning of line 22, to change the section number from "5" to "6", and in line 23, after the word "sections", to strike out "1 and 2" and insert "1, 2, and 5."

The amendments were agreed to.

The amendments were ordered to be engrossed, and the joint resolution to be read a third time.

The joint resolution was read the third time and passed.

NATIVIDADE AGRELLA DOS SANTOS

The Senate proceeded to consider the bill (S. 3129) for the relief of Natividade Agrella Dos Santos, which had been reported from the Committee on the Judiciary, with amendments, in line 5, after the name "Natividade", to strike out "Agrella" and insert "Agrela", and in line 7, after the word "States", to insert a colon and "Provided, That no natural parent, by virtue of such parentage, shall be accorded any right, status, or privilege under the Immigration and Nationality Act."; so as to make the bill read:

Be it enacted, etc., That, for the purposes of sections 101 (a) (27) (A) and 205 of the Immigration and Nationality Act, the minor child, Natividade Agrela Dos Santos, shall be held and considered to be the natural-born alien child of Rose C. Agrella and Frank Agrella, citizens of the United States: *Provided*, That no natural parent, by virtue of such parentage, shall be accorded any right, status, or privilege under the Immigration and Nationality Act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "A bill for the relief of Natividade Agrela Dos Santos."

URBANO I. GUERRERO, JR.

The Senate proceeded to consider the bill (S. 3159) for the relief of Urbano I. Guerrero, Jr., which had been reported from the Committee on the Judiciary with an amendment, on page 1, line 4, after the word "act", to strike out "Urbano I. Guerrero, Jr." and insert "Crescencio Urbano Guerrero", so as to make the bill read:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Crescencio Urbano Guerrero, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "A bill for the relief of Crescencio Urbano Guerrero."

SOUHAIL MASSAD

The Senate proceeded to consider the bill (S. 3271) for the relief of Souhail Massad, which had been reported from the Committee on the Judiciary, with an amendment, on page 1, line 4, after the word "act", to strike out "Souhail Massad" and insert "Souhail Wadi Massad", so as to make the bill read:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Souhail Wadi Massad shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act upon payment of the required visa fee.

Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "A bill for the relief of Souhail Wadi Massad."

ANTONIOS THOMAS

The Senate proceeded to consider the bill (S. 3364) for relief of Antonios Thomas, which had been reported from the Committee on the Judiciary, with amendments, at the beginning of line 4, to insert "and section 205"; and in line 7, after the word "States", to insert a colon and "Provided, That no natural parent of the beneficiary, by virtue of such relationship, shall be accorded any right, status, or privilege under the Immigration and Nationality Act"; so as to make the bill read:

Be it enacted etc., That, in the administration of section 101 (a) (27) (A) and section 205 of the Immigration and Nationality Act, the minor child, Antonios Thomas, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Mitchel Thomas, citizens of the United States: *Provided*, That no natural parent of the beneficiary, by virtue of such relationship, shall be accorded any right, status, or privilege under the Immigration and Nationality Act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 586) to extend the time for filing of claims under section 6420 of the Internal Revenue Code of 1954 for refund of taxes on gasoline used on farms between January 1, 1956, and June 30, 1956, was announced as next in order.

Mr. CLARK. Over, by request.

The PRESIDING OFFICER. The bill will be passed over.

GREETINGS TO THE CITIZENS OF NEVADA CELEBRATING THE CENTENNIAL OF THE DISCOVERY OF SILVER IN THE UNITED STATES

The concurrent resolution (S. Con. Res. 52) extending greetings to the citizens of Nevada concerning the celebration of the centennial of the discovery of silver in the United States was considered, and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Congress extends greetings and felicitations to the citizens of the State of Nevada, and particularly to the Nevada Centennial Committee, upon the occasion of their commemorative celebration of the 100th anniversary of the first significant discovery of silver in the United States. The Congress joins with the people of the United States in expressing appreciation of the great contribution by the citizens of the State of Nevada in preserving the Union.

The preamble was agreed to.

NATIONAL OLYMPIC WEEK

The joint resolution (H. J. Res. 586) to authorize the designation of the week beginning on October 13, 1958, as National Olympic Week was considered, ordered to a third reading, read the third time, and passed.

The preamble was agreed to.

ELEANOR A. LOEBRICH

The resolution (S. Res. 305) to pay a gratuity to Eleanor A. Loeblich was considered and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Eleanor A. Loeblich, sister of Barbara Bell, an employee of the Senate at the time of her death, a sum equal to 6 months' compensation at the rate she was receiving by law at the time of her death, said sum to be considered inclusive of funeral expenses and all other allowances.

ADDITIONAL FUNDS FOR THE COMMITTEE ON THE JUDICIARY

The resolution (S. Res. 300) to increase the amount of funds for the Committee on the Judiciary was considered and agreed to, as follows:

Resolved, That the Committee on the Judiciary is hereby authorized to expend from the contingent fund of the Senate, during the 85th Congress, \$10,000 in addition to the amount, and for the same purposes specified in section 134 (a) of the Legislative Reorganization Act approved August 2, 1946.

PRINTING AS SENATE DOCUMENT STUDY ENTITLED "FINANCIAL AND ECONOMIC ANALYSIS, COLORADO RIVER STORAGE PROJECT AND PARTICIPATING PROJECTS"

The resolution (S. Res. 302), printing as a Senate document a study entitled "Financial and Economic Analysis, Colorado River Storage Project and Participating Projects," prepared by the Department of the Interior, was considered and agreed to, as follows:

Resolved, That a study entitled "Financial and Economic Analysis, Colorado River Storage Project and Participating Projects, February 1958," prepared by the Department of the Interior, be printed with illustrations as a Senate document, and that 2,000 additional copies be printed for the use of the Committee on Interior and Insular Affairs.

INCREASE IN LIMIT OF EXPENDITURES OF THE SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

The Senate proceeded to consider the resolution (S. Res. 295) increasing the limit of expenditures of the Select Committee on Improper Activities in the Labor or Management Field, which had been reported from the Committee on Rules and Administration with an amendment, on page 2, line 2, after the word "of", to strike out "\$16,000" and insert "\$20,000", so as to make the resolution read:

Resolved, That the amount authorized in Senate Resolution 74, agreed to Janu-

ary 30, 1957, Senate Resolution 186, agreed to August 26, 1957, and Senate Resolution 222, agreed to January 29, 1958, 85th Congress (authorizing and directing the committee to conduct an investigation and study of the extent to which criminal or other improper practices or activities are, or have been, engaged in in the field of labor-management relations or in groups or organizations of employees or employers to the detriment of the interests of public, employers, or employees, and to determine whether any changes are required in the laws of the United States in order to protect such interests against the occurrence of such practices or activities), is hereby increased by the additional amount of \$20,000.

The amendment was agreed to.

The resolution, as amended, was agreed to.

ADDITIONAL COPIES OF HEARINGS ENTITLED "CIVIL RIGHTS, 1957" FOR THE COMMITTEE ON THE JUDICIARY

The concurrent resolution (S. Con. Res. 87) to permit additional copies of the hearings entitled "Civil Rights, 1957" for the use of the Committee on the Judiciary was considered and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That there be printed for the use of the Committee on the Judiciary 2,000 additional copies of the hearings of its Subcommittee on Constitutional Rights entitled "Civil Rights, 1957," held during the 85th Congress, 1st session.

PRINTING OF ADDITIONAL COPIES OF HOUSE DOCUMENT NO. 232, 84TH CONGRESS

The concurrent resolution (H. Con. Res. 17) authorizing the printing of additional copies of House Document No. 232, 84th Congress, was considered and agreed to.

PRINTING AS HOUSE DOCUMENT PAMPHLET ENTITLED "OUR AMERICAN GOVERNMENT—WHAT IT IS?—HOW DOES IT FUNCTION?"

The concurrent resolution (H. Con. Res. 228) authorizing the printing as a House document of the pamphlet entitled "Our American Government—What It Is?—How Does It Function?" was considered and agreed to.

AMENDMENT OF ORGANIC ACT OF GUAM

The bill (H. R. 4215) amending sections 22 and 24 of the Organic Act of Guam was considered, ordered to a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 3506) to authorize the transfer of naval vessels to friendly foreign countries was announced as next in order.

Mr. TALMADGE. Over, by request.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 8490) to amend the Agricultural Adjustment Act of 1938, as amended, with respect to rice acreage allotments, was announced as next in order.

Mr. TALMADGE. Over, as not proper calendar business.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2646), to limit the appellate jurisdiction of the Supreme Court in certain cases, was announced as next in order.

Mr. CLARK. Over.

The PRESIDING OFFICER. The bill will be passed over.

ANTI - HOG - CHOLERA SERUM—CHANGE IN MINIMUM INVENTORY DATE

The Senate proceeded to consider the bill (S. 3478) to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.

Mr. ELLENDER. Mr. President, this bill changes the date on which manufacturers are required to have the prescribed minimum inventory of serum on hand under anti-hog-cholera serum marketing agreements. At present the prescribed date is May 1. This is too late for many producers, particularly those in the South, whose heavy requirements for serum may begin in March. If, after satisfying these requirements, they must have the minimum inventory on hand on May 1, they may be forced to carry stock over until the next marketing season. The bill, therefore, would prescribe April 1 as the date when the minimum inventory shall be held, except that in the case of any particular manufacturer the Secretary may, upon the manufacturer's application, fix another date between January 1 and May 1.

The bill makes a few other clarifying changes in language, which do not, however, represent any change in substance. Thus, the bill would require each manufacturer to have the prescribed amount in inventory in his own possession rather than simply available but, as pointed out in the Department's letter, the new language reflects the Department's long-established interpretation of the existing law.

The PRESIDING OFFICER. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 58 (b) of the act of August 24, 1935 (7 U. S. C. 853 (b)), is amended to read as follows:

"(b) Terms and conditions requiring each manufacturer to have in inventory in his own possession on April 1 of each year a reserve supply of completed serum equivalent to not less than 40 percent of his previous year's sales of all serum, except that any marketing agreement may provide that upon written application by a manufacturer filed before September 1 of the preceding year, the Secretary may fix another date between January 1 and May 1 on which such manufacturer shall have such inventory if the Secretary finds that such action will tend to effectuate the purposes of this

act. The Secretary may impose such terms and conditions upon granting any such application as he finds necessary to effectuate the purposes of this act. Serum used in computing the required reserve supply of any manufacturer shall not again be used in computing the required reserve supply of any other manufacturer."

CONTROL OF NOXIOUS PLANTS ON LAND

The Senate proceeded to consider bill (S. 3861) to provide for the control of noxious plants on land under the control or jurisdiction of the Federal Government.

Mr. ELLENDER. Mr. President, this bill provides for the application of State weed-control plans to Federal lands. It authorizes the State commissioner of agriculture to destroy noxious plants on Federal lands if the agency having jurisdiction of the lands consents thereto, and has not already complied with the requirements of the program. The States would be reimbursed for expenses incurred by them to the extent that Congress sees fit to appropriate funds for that purpose.

Federal agencies already have authority to cooperate with States in weed-control programs and are doing so to a limited extent. The bill would not require agencies to cooperate in any particular programs, but would encourage greater cooperative efforts with the States. State weed-control agencies are very interested in this bill since failure to control weeds on Federal lands may mean that State funds used in weed control would be largely wasted.

The PRESIDING OFFICER. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 3861) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Commissioner of Agriculture or other proper agency of any State in which there is in effect a program for the control of noxious plants may enter upon any land in such State under the control or jurisdiction of a department, agency, or independent establishment of the executive branch of the Federal Government with the permission of and in accordance with the program acceptable to the head of such department, agency, or independent establishment, and destroy by appropriate methods noxious plants growing on such land if—

(1) the same procedure required by the State program with respect to privately owned land has been followed; and

(2) the department, agency, or independent establishment involved has failed to comply with the requirements of such program.

SEC. 2. To the extent that funds appropriated to carry out the purposes of this act are available therefor, any State incurring expenses pursuant to the first section of this act shall be reimbursed, upon presentation of an itemized account of such expenses, by the head of the department, agency, or independent establishment of the executive branch of the Federal Government having control or jurisdiction of the land with respect to which such expenses were incurred.

SEC. 3. There is hereby authorized to be appropriated to departments, agencies, or independent establishments of the executive branch of the Federal Government such sums as the Congress may determine to be necessary to carry out the purposes of this act.

RESEARCH RELATING TO FOOT-AND-MOUTH DISEASE

The Senate proceeded to consider the bill (S. 3076) to amend section 12 of the act of May 29, 1884, relating to research on foot-and-mouth disease.

Mr. ELLENDER. Mr. President, this bill was requested by the Department of Agriculture, and its purpose is to eliminate unnecessary Government expense. It would permit transportation of foot-and-mouth disease virus to and from the Plum Island laboratory across the mainland under adequate safeguards. At present the virus must often be transported by a circuitous route and removed from the boat before docking in New York Harbor. These precautions are expensive and unnecessary.

The PRESIDING OFFICER. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 3076) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 12 of the act of May 29, 1884, as amended (62 Stat. 138, as amended; 21 U. S. C. 113a), is hereby further amended by inserting after the word "tunnel" in the proviso in the first sentence of the section the following clause: ", and except that the Secretary of Agriculture may transport said virus in the original package across the mainland under adequate safeguards."

AMENDMENT OF FEDERAL SEED ACT OF AUGUST 9, 1939

The bill (S. 1939) to amend the Federal Seed Act of August 9, 1939, as amended, was announced as next in order.

Mr. HRUSKA. Mr. President, may we have an explanation of the bill?

Mr. CLARK. Mr. President, the bill makes a number of changes in the Federal Seed Act which have been found necessary and have been recommended by the Department of Agriculture. Labeling requirements somewhat similar to those imposed on domestic seed would be imposed on imported seed. Exceptions for particular kinds of seed would be eliminated. The industry would be relieved of unnecessary burdens. The bill is designed to result in generally improved administration and effectiveness of the act.

I believe the principal purpose of the bill is to bring the importations of seed under the same general restrictions as those which apply to the labeling of domestic seed. The bill was requested by the Department of Agriculture.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection the bill (S. 1939) was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 101 (a) (7) (A) of the Federal Seed Act of August 9, 1939 (53 Stat. 1275), as amended (7 U. S. C. 1561 (a) (7) (A)) is amended by deleting from the list of agricultural seeds the phrase "Beta vulgaris L.—Field beet, excluding sugar beet." and substituting therefor the phrase "Beta vulgaris L.—Field beet."

SEC. 2. Section 101 (a) of said act (7 U. S. C. 1561 (a)) is further amended by adding at

the end thereof a new paragraph (24) to read as follows:

"(24) The term 'treated' means given an application of a substance or subjected to a process designed to reduce, control, or repel disease organisms, insects, or other pests which attack seeds or seedlings growing therefrom."

SEC. 3. Section 101 (a) of said act (7 U. S. C. 1561 (a)) is further amended by adding at the end thereof, after new paragraph (24), a new paragraph (25) to read as follows:

"(25) The term 'seed certifying agency' means (A) an agency authorized under the laws of a State, Territory, or possession, to officially certify seed, or (B) an agency of a foreign country determined by the Secretary of Agriculture to adhere to procedure and standards for seed certification comparable to those adhered to generally by seed certifying agencies under (A)."

SEC. 4. Title I of said act (7 U. S. C. 1561) is amended by adding at the end thereof a new section 102 to read as follows:

SEC. 102. Any labeling, advertisement, or other representation subject to this act which represents that any seed is certified or registered seed shall be deemed to be false in this respect unless (a) it has been determined by a seed certifying agency that such seed was produced, processed, and packaged, and conformed to standards of purity as to kind or variety, in compliance with the rules and regulations of such agency pertaining to such seed; and (b) the seed bears an official label issued for such seed by a seed certifying agency stating that the seed is certified or registered."

SEC. 5. Section 201 (a) (8) of said act (7 U. S. C. 1571 (a) (8)) is amended to read as follows:

"(8) For each agricultural seed, in excess of 5 percent of the whole, stated in accordance with paragraph (a) (1) of this section, and each kind or variety or type of agricultural seed shown in the labeling to be present in a proportion of 5 percent or less of the whole, (A) percentage of germination, exclusive of hard seed, (B) percentage of hard seed, if present, and (C) the calendar month and year the test was completed to determine such percentages."

SEC. 6. Section 201 (b) (1) of said act (7 U. S. C. 1571 (b) (1)) is amended to read as follows:

"(1) Name of each kind and variety of seed and if two or more kinds or varieties are present, the percentage of each."

SEC. 7. That part of section 201 (b) (2) of said act (7 U. S. C. 1571 (b) (2)) which precedes clause (1) is amended to read as follows:

"(2) For each variety of vegetable seed which germinates less than the standard last established by the Secretary of Agriculture, as provided under section 403 (c) of this act—"

SEC. 8. Section 201 of said act (7 U. S. C. 1571) is further amended by adding at the end thereof a new subsection (i) to read as follows:

"(i) Any agricultural seeds or any mixture thereof or any vegetable seeds or any mixture thereof, for seeding purposes, that have been treated, unless each container thereof bears a label giving the following information and statements in accordance with rules and regulations prescribed under section 402 of this act:

"(1) A word or statement indicating that the seeds have been treated;

"(2) The commonly accepted coined, chemical (generic), or abbreviated chemical name of any substance used in such treatment;

"(3) If the substance used in such treatment in the amount remaining with the seeds is harmful to humans or other vertebrate animals, an appropriate caution statement approved by the Secretary of Agriculture as adequate for the protection of the public, such as 'Do not use for food or feed or oil purposes': *Provided*, That the cau-

tion statement for mercurials and similarly toxic substances, as defined in said rules and regulations, shall be a representation of a skull and crossbones and a statement such as 'This seed has been treated with poison,' in red letters on a background of distinctly contrasting color; and

"(4) A description of any process used in such treatment, approved by the Secretary of Agriculture as adequate for the protection of the public."

SEC. 9. Section 202 of said act (7 U. S. C. 1572) is amended to read as follows:

"SEC. 202. All persons transporting, or delivering for transportation, in interstate commerce, agricultural seeds shall keep for a period of 3 years a complete record of origin, germination, and purity of each lot of such agricultural seeds, and all persons transporting, or delivering for transportation, in interstate commerce, vegetable seeds shall keep for a period of 3 years a complete record of germination and variety of such vegetable seeds. The Secretary of Agriculture, or his duly authorized agents, shall have the right to inspect such records for the purpose of the effective administration of this act."

SEC. 10. (a) That part of section 203 (b) of said act (7 U. S. C. 1573 (b)) which precedes clause (1) is amended to read as follows:

"(b) The provisions of section 201 (a), (b), or (1) shall not apply—"

(b) Clause (2) of such section 203 (b) is amended to read as follows:

"(2) to seed intended for seeding purposes when transported or offered for transportation in interstate commerce—"

"(A) if in bulk, in which case, however, the invoice or other records accompanying and pertaining to such seed shall bear the various statements required for the respective seeds under sections 201 (a), (b), and (1); or

"(B) if in containers and in quantities of 20,000 pounds or more: *Provided*, That (i) the omission from each container of the information required under sections 201 (a), (b), and (1) is with the knowledge and consent of the consignee prior to the transportation or delivery for transportation of such seed in interstate commerce, (ii) each container shall have stenciled upon it or bear a label containing a lot designation, and (iii) the invoice or other records accompanying and pertaining to such seed shall bear the various statements required for the respective seeds under section 201 (a), (b), and (1); or

"(C) if consigned to a seed cleaning or processing establishment, to be cleaned or processed for seeding purposes: *Provided*, That (i) this fact is so stated in the invoice or other records accompanying and pertaining to such seed if the seed is in bulk or if the seed is in containers and in quantities of 20,000 pounds or more, (ii) this fact is so stated on attached labels if the seed is in containers and in quantities less than 20,000 pounds, and (iii) any such seed later to be labeled as to origin and/or variety shall be labeled as to origin and/or variety in accordance with rules and regulations prescribed under section 402 of this act."

SEC. 11. Section 204 of said act (7 U. S. C. 1574) is amended to read:

"SEC. 204. The use of a disclaimer, limited warranty, or nonwarranty clause in any invoice, advertising, labeling, or written, printed, or graphic matter, pertaining to any seed shall not constitute a defense, or be used as a defense in any way, in any prosecution or other proceeding brought under the provisions of this act, or the rules and regulations made and promulgated thereunder. Nothing in this section is intended to preclude the use of a disclaimer, limited warranty, or nonwarranty clause as a defense in any proceeding not brought under this act."

SEC. 12. Section 301 (a) of said act (7 U. S. C. 1581 (a)) is amended by adding at the end thereof a new paragraph (4) to read as follows:

"(4) any seed containing 10 percent or more of any vegetable seeds unless the invoice pertaining to such seed and any other labeling of such seed bear the name of each kind and variety of vegetable seed present."

SEC. 13. Section 302 (a) of said act (7 U. S. C. 1582 (a)) is amended by inserting the word "owner or" before the word "consignee" wherever the latter appears except in the two provisos therein; and by deleting said provisos and substituting therefor, respectively, the following: "*Provided*, That the Secretary of the Treasury may authorize the delivery of seed or screenings which are being imported or offered for import to the owner or consignee thereof, pending decision as to the admission of such seed or screenings and for staining, cleaning, labeling, or other reconditioning if required to bring such seed or screenings into compliance with the provisions of this act, upon the execution by such owner or consignee of a good and sufficient bond conditioned upon redelivery of the seed or screenings upon demand unless redelivery is waived because the seed is reconditioned to bring it into compliance with this act or is destroyed under Government supervision under this act, and providing for the payment of such liquidated damages in the event of default as may be required pursuant to regulations of the Secretary of the Treasury: *And provided further*, That all expenses incurred by the United States (including travel, per diem or subsistence, and salaries of officers or employees of the United States) in connection with the supervision of staining, cleaning, labeling, other reconditioning, or destruction, of seed or screenings under this title shall be reimbursed to the United States by the owner or consignee of the seed or screenings, and such reimbursements shall be recredited to the appropriation from which the expenses were paid, the amount of such expenses to be determined in accordance with joint regulations under section 402 of this act, and all expenses in connection with the storage, cartage, and labor on the seed or screenings which are refused admission or delivery, shall be paid by the owner or consignee, and in default of such payment shall constitute a lien against future importations made by such owner or consignee."

SEC. 14. Section 302 of said act (7 U. S. C. 1582) is further amended by adding at the end thereof a new subsection (d) to read as follows:

"(d) The provisions of this title prohibiting the importation of seed that is adulterated or unfit for seeding purposes shall not apply—

"(1) when seed grown in the United States is returned from a foreign country without having been admitted into the commerce of any foreign country: *Provided*, That there is satisfactory proof as provided for in the joint rules and regulations prescribed under section 402 of this act, that the seed was grown in the United States and was not admitted into the commerce of a foreign country and was not commingled with other seed, or

"(2) when seed is imported for sowing for experimental or breeding purposes and not for sale: *Provided*, That declarations are filed, and importations are limited in quantity, as provided for in the rules and regulations prescribed under section 402 of this act, to assure that the importations are for experimental or breeding purposes."

SEC. 15. Section 306 of said act (7 U. S. C. 1586) is amended by adding at the end thereof a new subsection (c) to read as follows:

"(c) To make any false or misleading representation with respect to any seed subject to this title being imported into the United States or offered for import: *Provided*, That this subsection shall not be deemed violated by any person if the false or misleading representation is the name of a variety indistinguishable in appearance from the seed being imported or offered for import and the records and other pertinent facts reveal that such person relied in good faith upon representations with respect to the name of the indistinguishable variety made by the shipper of the seed."

SEC. 16. This act, and the amendments made hereby, shall take effect upon the date of enactment.

BILLS AND JOINT RESOLUTION PASSED OVER

The bill (H. R. 6765) to provide for reports on the acreage planted to cotton, to repeal the prohibition against cotton acreage reports based on farmers' planting intentions, and for other purposes, was announced as next in order.

Mr. TALMADGE. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2447) to authorize and direct the Secretary of the Interior to undertake continuing studies of the effects of insecticides, herbicides, and fungicides upon fish and wildlife for the purpose of preventing losses of those invaluable natural resources following spraying and to provide basic data on the various chemical controls so that forests, croplands, and marshes can be sprayed with minimum losses of fish and wildlife, was announced as next in order.

Mr. HRUSKA. Over.

The PRESIDING OFFICER. The bill will be passed over.

The joint resolution (S. J. Res. 135) providing for the construction of a demonstration plant for the production from seawater of water suitable for beneficial consumptive uses, was announced as next in order.

Mr. TALMADGE. Over, as not proper calendar business.

The PRESIDING OFFICER. The joint resolution will be passed over.

The bill (S. 2629) for the relief of John J. Spriggs was announced as next in order.

Mr. HRUSKA. Over.

The PRESIDING OFFICER. The bill will be passed over.

NATIONAL SAFE BOATING WEEK

The joint resolution (H. J. Res. 378) to authorize the President to proclaim annually the week which includes July 4 as "National Safe Boating Week," was considered, ordered to a third reading, read the third time, and passed.

The preamble as amended was agreed to, as follows:

To authorize the President to proclaim annually the week which includes July 4 as "National Safe Boating Week."

Whereas our people in increasing numbers are taking part in boating activities on the waters of our Nation, with more than 20 million expected to participate during 1958, and

Whereas safety is essential for the full enjoyment of boating; and

85TH CONGRESS
2^D SESSION

S. 3478

IN THE HOUSE OF REPRESENTATIVES

MAY 22, 1958

Referred to the Committee on Agriculture

AN ACT

To insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That section 58 (b) of the Act of August 24, 1935 (7
4 U. S. C. 853 (b)), is amended to read as follows:

5 “(b) Terms and conditions requiring each manufac-
6 turer to have in inventory in his own possession on April 1
7 of each year a reserve supply of completed serum equivalent
8 to not less than 40 per centum of his previous year's sales
9 of all serum, except that any marketing agreement may
10 provide that upon written application by a manufacturer
11 filed before September 1 of the preceding year, the Secre-

1 tary may fix another date between January 1 and May 1
2 on which such manufacturer shall have such inventory if
3 the Secretary finds that such action will tend to effectuate
4 the purposes of this Act. The Secretary may impose such
5 terms and conditions upon granting any such application as
6 he finds necessary to effectuate the purposes of this Act.
7 Serum used in computing the required reserve supply of any
8 manufacturer shall not again be used in computing the
9 required reserve supply of any other manufacturer.”

Passed the Senate May 21, 1958.

Attest:

FELTON M. JOHNSTON,

Secretary.

RETURN TO THE COMMISSIONER OF REVENUE

PROPOSED

BY THE COMMISSIONER OF REVENUE

IN A.C.L.

23018

85TH CONGRESS
2D SESSION

S. 3478

AN ACT

To insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.

MAY 22, 1958

Referred to the Committee on Agriculture

AN ACT

To amend the Code of Laws of the City of New York, in relation to the

provisions relating to the

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 3, 1958
For actions of July 2, 1958
85th-2d, No. 110

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HIGHLIGHTS: House passed mutual security appropriation bill. Senate committee reported bill for research on increased industrial uses of farm products. Sen. Proxmire criticized administration farm policies.

HOUSE

July 2, 1958

1. APPROPRIATIONS. Passed, 253 to 126, without amendment H. R. 13192, the mutual security appropriation bill for 1959. (pp. 11746-81) Rejected, 66 to 133, an amendment by Rep. Canfield which would have provided that none of the funds shall be used to establish textile processing plants in any foreign country. (pp. 11772-78)
2. FARM PROGRAM. The Agriculture Committee ordered reported the following bills:
(p. D629)
 - ~~S. 3076, to authorize the transportation to the U. S. of live foot-and-mouth disease virus for research purposes.~~
 - S. 3478, to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.
 - H. R. 12704, to authorize the use of receipts from the National Forests for general local government purposes as well as for public schools and public roads.
 - H. R. 6542, to authorize the conveyance of certain forest lands to the town of Dayton, Wyo.

3. SMALL BUSINESS. Conferees were appointed on H. R. 7963, to make the Small Business Administration a permanent agency and increase the SBA loan authority. Senate conferees were appointed July 1. p. 11781
The Rules Committee reported a resolution for consideration of S. 3651, to make equity capital and long-term credit more readily available for small business concerns. p. 11795
4. FLOOD CONTROL. Passed without amendment S. 2964, to grant the consent of Congress to a compact between Mass. and Conn. relating to flood control. A similar bill, H. R. 9924, which had been reported earlier by the Public Works Committee (H. Rept. 2105) was tabled. S. 2964 will now be sent to the President. pp. 11784-86, 11796
5. EDUCATION. The Education and Labor Committee ordered reported H. R. 13247, a clean bill in lieu of H. R. 12630, to strengthen the national defense and to encourage and assist in the expansion and improvement of education programs to meet critical national needs. p. D630
A subcommittee of the Education and Labor Committee ordered reported H. R. 13241, to provide assistance to the States for area vocational education programs. p. D630
6. FOREIGN AID; SURPLUS COMMODITIES. Rep. Hill urged early enactment of legislation for the extension of Public Law 480, and inserted a release of this Department announcing agreements with various countries for the disposal of surplus commodities. p. 11792
7. WHEAT; INSECTS. Rep. Hill cited the serious situation caused by the grasshopper infestation in the Great Plains area, and inserted a release by this Department on efforts by the Department and local governments to control the infestation. pp. 11792-93
8. LEGISLATIVE PROGRAM. Rep. McCormack announced that S. 3420, to extend Public Law 480, will be considered under suspension of the rules Mon., July 7, and that the Consent Calendar will be called. He announced that the following bill will be considered later in the week: S. 3683, the area redevelopment bill; H. R. 4504, marketing facilities for perishable commodities; S. 3651, equity capital and long term credit for small businesses; and H. R. 13015, the military construction authorization bill. p. 11779

SENATE

9. FARM PROGRAM. Sen. Proxmire criticized the administration's farm policies and urged support for a program of production limitations to grow only what can be sold at a fair price. He inserted an article, "United States Expects Peak In Farm Subsidies--Cost of Program Now Put at 6 Billion, Up 1.4 Billion From Budget Figures." pp. 11695-4
Sen. Sparkman inserted an article on the reduced cotton production and its effect on the South. pp. 11695-6
10. RESEARCH. The Agriculture and Forestry Committee reported an original bill, S. 4100, to provide for the increased use of agricultural products for industrial purposes (S. Rept. 1795). p. 11682
11. APPROPRIATION. The Appropriations Committee reported with amendments H. R. 12858, the civil functions appropriation bill for the Army, certain agencies of the Interior Department, and the TVA for 1959 (S. Rept. 1796). p. 11682

July 10, 1958

Congress to insure that a fair proportion of the total sales of Government property be made to small-business concerns; provides that those activities relating to the furnishing of technical and managerial aids to small-business concerns, consultation and cooperation by Small Business Adm. with Federal contracting officers, certification of small-business concerns as competent to perform Government contracts, the obtaining of contracting information from Federal agencies, the conduct of studies and the making of recommendations by SBA to Federal agencies, and the award of Government contracts to small-business concerns are expanded to cover small-business participation in purchases from the Government as well as in procurement by the Government; and provides that the new small-business set-aside program in Government sales will not affect or change any of the preferences or priorities established by law with respect to the sale of electrical power or any other property by the Government. pp. 12163-165

13. FORESTRY; HOG-CHOLERA. The Agriculture Committee reported without amendment S. 3478, to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus (H. Rept. 2144), and H. R. 12704, to ~~authorize the use of receipts from the national forests for general local government purposes as well as for public schools and public roads (H. Rept. 2139).~~
p. 12226
14. PERSONNEL. Passed, 295 to 46, with amendments S. 1411, to give agencies discretion in either suspending or retaining on duty a Federal employee prior to security hearings. As passed, the bill provides that all Federal employees are deemed to be employed in an activity involving national security, that the head of any department or agency may, in his discretion, suspend an employee when he deems it necessary in the interest of national security, that the department or agency head is not required to suspend an employee prior to the final disposition of the case, that the employee is entitled to a written statement of the charges against him, an opportunity to answer the charges, a hearing at the employee's request, and a review and written decision by the department or agency head, and that the employee is entitled to appeal the decision to the Civil Service Commission whose decision will be final. pp. 12180-195
Rejected, 28 to 125, an amendment by Rep. Porter to provide that hearings conducted by agencies at the employee's request would be conducted in accordance with due process of law. pp. 12189-191
15. RECLAMATION. The "Daily Digest" states as follows: "Committee on Interior and Insular Affairs: Met Wednesday regarding H. R. 594, Fryingpan-Arkansas project, and rejected by vote of 22 to 2, with 4 not voting, a motion to postpone hearings until July 30. Also the committee rejected by vote of 21 to 3, with 3 voting present, a motion to postpone further consideration until the Department of the Interior reports on effect of recent Colorado district court decision regarding availability of water for the project." p. D661
16. PUBLIC WORKS. A subcommittee of the Judiciary Committee ordered adversely reported H. R. 9374, to require bonds for certain public works construction contracts. p. D661
17. APPROPRIATIONS. Conferees were appointed on H. R. 12948, the D. C. appropriation bill for 1959. Senate conferees have not yet been appointed. p. 12160
18. MILITARY CONSTRUCTION. Passed, 376 to 2, with amendments, H. R. 13015, to authorize construction at military installations, including authorization for financing military housing from the foreign currencies acquired under Public Law 480 or through other commodity transactions of CCC. pp. 12160-162

19. ORGANIZATION. Passed without amendment S. 1832, to provide an additional position as Assistant Secretary of State for African affairs. pp. 12166-169
20. TOBACCO. Rep. Blitch spoke in favor of the enactment of legislation to exempt the processing of cigar wrapper tobacco from the Fair Labor Standards Act. pp. 12196-197
21. WATERSHEDS. Received from the Budget Bureau plans for works of improvement pertaining to Dry Devils River and Lowrey Draw watershed and Upper Lake Fork Creek watershed, Tex.; to Public Works Committee. p. 12226
22. LEGISLATIVE PROGRAM. Rep. Albert announced the following bills are scheduled for consideration next week: H. R. 3, effects of acts of Congress on State laws; H. R. 13121, atomic energy authorization bill; H. R. 4504, marketing facilities for perishable commodities; and S. 3651, the proposed Small Business Investment Act of 1958. He stated that bills to extend Public Law 480 and for area redevelopment have not been scheduled for consideration next week. He also stated that the Private Calendar will be called on Tues. pp. 12176-177
23. ADJOURNED until Mon., July 14. p. 12226

ITEMS IN APPENDIX

24. LANDS. Sen. Neuberger inserted two articles favoring S. 3051, the Klamath Indian land bill, and refuting the alleged opposition to this bill by the Nat'l Lumber Manufacturers Ass'n. pp. A6191-2
25. COOPERATIVES. Extension of remarks of Sen. Proxmire inserting an article, "Benson and the Cooperatives," and stating that it "called attention to the strange lack of enthusiasm evidenced by the Secretary of Agriculture for the interests of farmers and of their organizations." p. A6192
26. ONIONS. Sen. Wiley inserted a press release from his office favoring legislation to eliminate futures trading in onions. pp. A6196-7
27. SOIL CONSERVATION. Extension of remarks of Sen. Neuberger inserting Henry Pavelek's, SCS, Albany, Oreg., article detailing the essential importance of flood control to wise soil practices. p. A6197
28. FOREIGN TRADE. Extension of remarks of Sen. Carlson inserting an article, "Flour Manipulation by Haiti," criticizing the action of Haiti in raising import duty on flour. pp. A6198-9
29. FOREIGN AID. Rep. Kee inserted her newsletter describing the functions of the International Operations Subcommittee of the Government Operations Committee and their examination of the administration of the foreign aid program. pp. A6203-4
30. FAMILY FARM. Sen. Proxmire commended and inserted a Nat'l Catholic Rural Life Conference statement which makes an appeal for the family farm and discusses the agricultural revolution for the past 25 years. pp. A6204-6
31. FOOD ADDITIVES. Rep. Dingell inserted a Western States Ass'n of Dairy, Food, and Drug Officials letter and resolution favoring proposed legislation relating to the protesting of chemicals intended to be used in foods. pp. A6215-6

ANTI-HOG-CHOLERA SERUM—CHANGE IN MINIMUM INVENTORY DATE

JULY 10, 1958.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. COOLEY, from the Committee on Agriculture, submitted the
following

REPORT

[To accompany S. 3478]

The Committee on Agriculture, to whom was referred the bill (S. 3478) to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

STATEMENT

The purpose of this bill is to substitute April 1 (or, for any particular manufacturer, any other date between January 1 and May 1 fixed by the Secretary upon application of the manufacturer) for May 1 as the date on which the prescribed minimum inventory of serum is to be on hand under anti-hog-cholera serum marketing agreements. The need for the legislation results from the fact that for some manufacturers, particularly those in the South, the heavy demand for serum begins in March. There would be no cost to the Government as the result of the enactment of this bill.

DEPARTMENTAL APPROVAL

Following is the letter from the Department of Agriculture recommending that S. 3478 be enacted. A similarly favorable letter was received from the Department with respect to an identical House bill (H. R. 11415).

DEPARTMENT OF AGRICULTURE,
Washington, D. C., May 5, 1958.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in reply to your request of March 15, for a report on H. R. 11415, a bill to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.

The Department of Agriculture favors the enactment of H. R. 11415.

The bill would amend existing law that directs the Secretary to enter into marketing agreements to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus. The bill would change May to April 1 of each year as the date manufacturers must have on hand an inventory equal to 40 percent of their previous year's sales. In addition, the bill would authorize the Secretary, upon written application by the manufacturer prior to September 1 of the preceding year, to establish other than April 1, a date between January 1 and May 1, if the Secretary finds such action tends to effectuate the purposes of the existing law.

The date of April 1 is equally as appropriate as May 1 for requiring the manufacturers of anti-hog-cholera serum and hog-cholera virus to have on hand the 40-percent minimum inventory based upon their previous year's sales. For some manufacturers, particularly those whose business is primarily in the South, there are indications that their inventories should be on hand earlier because their peak requirements occur earlier than April 1, and that if they supply their demand and meet the reserve requirement on the required date, they allegedly are penalized by carrying stocks until the next marketing season. For others May 1 may be a preferable date. This would allow such manufacturers an additional month to manufacture sufficient serum for their reserve.

The stipulation requiring an application by September 1 of the preceding calendar year to the Secretary for an alternate date will have the effect of causing such manufacturers to plan production schedules in advance instead of relying on chance and the fluctuations of the livestock market in obtaining suitable production animals. The proposed legislation would modify the language employed in the reserve provision by substituting for "have available" the more explicit term "have in inventory in his own possession." The latter term reflects the Department's long-established interpretation and application of "have available" and we therefore do not consider this change in terminology to be a substantive change. The words "have available" are perhaps more susceptible to misinterpretation by manufacturers than the proposed new phraseology.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

E. T. BENSON.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

ACT OF AUGUST 24, 1935 (7 U. S. C. 853)

SEC. 58. Marketing agreements entered into pursuant to section 57 of this Act shall contain such one or more of the following terms and conditions and no others as the Secretary finds, upon the basis of the hearing provided for in section 57, will tend to effectuate the policy declared in section 56 of this Act:

(a) One or more of the terms and conditions specified in subsection (7) of section 8c of the Agricultural Adjustment Act, as amended.

(b) Terms and conditions requiring each manufacturer to have **[available]** *in inventory in his own possession on* **[May 1]** *April 1* of each year a *reserve* supply of completed serum equivalent to not less than 40 per centum of his previous year's sales *of all serum, except that any marketing agreement may provide that upon written application by a manufacturer filed before September 1 of the preceding year, the Secretary may fix another date between January 1 and May 1 on which such manufacturer shall have such inventory if the Secretary finds that such action will tend to effectuate the purposes of this Act. The Secretary may impose such terms and conditions upon granting any such application as he finds necessary to effectuate the purposes of this Act. Serum used in computing the required reserve supply of any manufacturer shall not again be used in computing the required reserve supply of any other manufacturer.*

○

Union Calendar No. 880

85TH CONGRESS
2D SESSION

S. 3478

[Report No. 2144]

IN THE HOUSE OF REPRESENTATIVES

MAY 22, 1958

Referred to the Committee on Agriculture

JULY 10, 1958

Committed to the Committee of the Whole House on the State of the Union
and ordered to be printed

AN ACT

To insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 58 (b) of the Act of August 24, 1935 (7
4 U. S. C. 853 (b)), is amended to read as follows:

5 “(b) Terms and conditions requiring each manufac-
6 turer to have in inventory in his own possession on April 1
7 of each year a reserve supply of completed serum equivalent
8 to not less than 40 per centum of his previous year’s sales
9 of all serum, except that any marketing agreement may
10 provide that upon written application by a manufacturer
11 filed before September 1 of the preceding year, the Secre-

1 tary may fix another date between January 1 and May 1
2 on which such manufacturer shall have such inventory if
3 the Secretary finds that such action will tend to effectuate
4 the purposes of this Act. The Secretary may impose such
5 terms and conditions upon granting any such application as
6 he finds necessary to effectuate the purposes of this Act.
7 Serum used in computing the required reserve supply of any
8 manufacturer shall not again be used in computing the
9 required reserve supply of any other manufacturer.”

Passed the Senate May 21, 1958.

Attest:

FELTON M. JOHNSTON,

Secretary.

AN ACT

To insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.

MAY 22, 1958

Referred to the Committee on Agriculture

JULY 10, 1958

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

14. LEGISLATIVE PROGRAM. Sen. Johnson announced that he expected to bring up the Senate farm bill later in the week, "after the policy committee has cleared it." He further stated that the Defense and foreign aid appropriations bills would be considered next week, and that after certain D. C. bills the Senate would consider S. Res. 264, favoring the establishment of an International Development Ass'n, and H. R. 7576, amending the Federal Civil Defense Act. p. 13112

HOUSE

15. SURPLUS COMMODITIES; FOREIGN TRADE. Debated and noted, 152 to 24, to pass S. 3420, to amend and extend Public Law 480. Rep. Griffiths objected to the vote on the ground that a quorum was not present. At the request of Rep. McCormack, further consideration of the bill was then postponed until Wed., July 23. pp. 13173-197
16. COTTON ALLOTMENTS. Passed without amendment H. R. 12531, to permit the allocation from acreage of extra long staple cotton for the production of extra long staple cotton seed. pp. 13172-73
17. SEED MARKETING. Passed without amendment S. 1939, to make various amendments to the Federal Seed Act regarding labeling requirements. This bill will now be sent to the President. pp. 13167-68
18. FOOT-AND-MOUTH DISEASE. Passed without amendment S. 3076, to authorize the transportation in the U. S. of live foot-and-mouth disease virus for research purposes. This bill will now be sent to the President. p. 13162
19. HOG CHOLERA. Passed without amendment S. 3478, to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus. This bill will now be sent to the President. p. 13163
20. FORESTRY. The Interior and Insular Affairs Committee ordered reported with amendment S. 3051, to provide alternatives of either private or Federal acquisition of the Klamath Indian lands which are to be sold under the Termination Act. p. D710
Passed without amendment H. R. 6542, to authorize the conveyance of certain forest lands to the town of Dayton, Wyo. p. 13162
The Speaker appointed as House members of the National Outdoor Recreation Resources Review Commission, pursuant to Public Law 85-470, Reps. Pfost, Ullman, Saylor, and Rhodes. p. 13247
21. TOBACCO. Passed without amendment H. R. 12840, to provide a single acreage allotment for Va. sun-cured and Va. fire-cured tobaccos if farmers vote approval in a referendum. pp. 13162-63
22. APPROPRIATIONS. Received the conference report on H. R. 11574, the independent offices appropriation bill for 1959 (H. Rept. 2237). As reported the bill deletes \$100,000 proposed by the Senate for farm-housing research. pp. 13155-58
Received the conference report on H. R. 13121, to authorize appropriations for the Atomic Energy Commission (H. Rept. 2236). pp. 13243-45
23. AGRICULTURE HALL OF FAME. Passed as reported H. Con. Res. 295, endorsing plans of a non-government group to establish a Hall of Fame for Agriculture. p. 13165

24. FISH AND WILDLIFE. Passed as reported S. 2447, to authorize studies by Interior of the effects of insecticides, herbicides, fungicides and other pesticides upon fish and wildlife. p. 13169
Passed as reported S. 2617, to authorize the purchase by the Secretary of the Interior of wetlands and small areas for migratory stamps. pp. 13169-70
Passed as reported H. R. 13138, to amend the Coordination Act so as to provide more effective integration of fish and wildlife conservation programs with Federal water development programs. pp. 13170-72
25. LANDS. Passed as reported H. R. 11800, to authorize the Secretary to sell a tract of land and buildings thereon under the jurisdiction of ARS to Clifton, N. J. p. 13172
26. SMALL BUSINESS. Passed under suspension of the rules H. R. 13282, the proposed Small Business Tax Revision Act of 1959. pp. 13197-211
27. INFORMATION; LIBRARIES. Passed under suspension of the rules H. R. 13140, to provide for distribution of additional types of Government publications to depository libraries and to provide for designation of additional depository libraries. pp. 13226-28
28. PERSONNEL AWARDS. Debated under suspension of the rules H. R. 488, to provide for the conferring of an award to be known as the Medal for Distinguished Civilian Achievement. At the request of Rep. McCormack further consideration of the bill was postponed until Wed., July 23. pp. 13229-35
29. TRANSPORTATION. A subcommittee of the Merchant Marine and Fisheries Committee ordered reported with amendment H. R. 8382, to provide for the licensing of independent foreign freight forwarders. p. D711
30. MINING CLAIMS. The Interior and Insular Affairs Committee ordered reported with amendment S. 3199, to specify the period for doing annual assessment work on unpatented mineral claims. p. D710
31. COMMITTEE ASSIGNMENTS. Rep. Kilgore resigned from the Public Works Committee and was elected to the Interstate and Foreign Commerce Committee; and Rep. Young, Tex., resigned from the Post Office and Civil Service Committee and was elected to the Public Works Committee. pp. 13242-43
32. WATERSHEDS. Received from the Budget Bureau plans for works of improvement for the lower Willow Creek watershed, Mont., Whitegrass-Waterhole Creek watershed, Okla., and Little Schuylkill River watershed, Pa.; to Public Works Committee. p. 13255

ITEMS IN APPENDIX

33. ELECTRIFICATION. Extension of remarks of Sen. Neuberger inserting an editorial endorsing the proposed establishment of a Regional Power Corporation in the Columbia River Basin. pp. A6493-4
34. FARM PROGRAM. Extension of remarks of Rep. McGregor stating that "...the time has arrived that we recognize the serious predicament in which the farmer finds himself. It is time that we give some consideration to the rotation crop farmer." pp. A6496-8
35. LIVESTOCK. Sen. Jackson inserted two editorials criticizing the delay and failure by the Senate in not passing the humane slaughter bill which has been passed by the House. p. A6499

marketing year, the Secretary, through local committees, shall establish for each of such farms a single combined tobacco acreage allotment for the 1958-59 marketing year and subsequent marketing years applicable to one kind of tobacco, either type 21 (Virginia) fire-cured tobacco or type 37 Virginia sun-cured tobacco, whichever kind of tobacco the owner of such farm or his representative designates with respect to the 1958-59 marketing year and notifies the local committee of such designation within a period of time as determined and fixed by the Secretary. In the absence of such a designation and notification by the owner or his representative of any farm for which a single combined tobacco acreage allotment shall be established as provided in this section, the Secretary shall designate such combined allotment for such farm as either a type 21 (Virginia) fire-cured tobacco acreage allotment or a type 37 Virginia sun-cured tobacco acreage allotment after taking into consideration the prevalent kind of tobacco grown in the area in which such farm is located, the curing facilities on such farm, and the proximity and nature of marketing outlets. The single combined tobacco acreage allotment determined as heretofore provided for each farm for the 1958-59 marketing year shall be in lieu of and shall equal the total of the acreage of the type 21 (Virginia) fire-cured tobacco allotment and the acreage of the type 37 Virginia sun-cured tobacco allotment for the 1958-59 marketing year established for such farm. No contract entered into under the acreage reserve program for the 1958 crop of type 21 (Virginia) fire-cured tobacco or of type 37 Virginia sun-cured tobacco shall be affected by the establishment of a single combined tobacco acreage allotment for a farm as provided in this section. If the establishment of farm acreage allotments as provided in this section are approved in the special referendum as heretofore provided in this section, and thereafter 2 or more farms, of which 1 or more has a type 21 (Virginia) fire-cured tobacco allotment and another or more has a type 37 Virginia sun-cured tobacco allotment, are combined and operated as a single farm, a single combined tobacco acreage allotment designated for either type 21 (Virginia) fire-cured tobacco or type 37 Virginia sun-cured tobacco as heretofore provided, shall be established for the combined farm in lieu of and shall equal the total acreage of the allotments for type 21 (Virginia) fire-cured tobacco and type 37 Virginia sun-cured tobacco established for the farms comprising the combined farm for the marketing year for which such single combined tobacco acreage allotment is established. For marketing years subsequent to the marketing year for which a single combined tobacco acreage allotment is first established for a farm as provided in this section, the history of past marketing or of past harvested acreage from such farm of both type 21 (Virginia) fire-cured tobacco and type 37 Virginia sun-cured tobacco shall constitute the past marketing of tobacco or the past harvested acreage of tobacco of such farm in determining a single combined tobacco acreage allotment therefor.

"(c) Notwithstanding the national marketing quotas for the marketing year beginning October 1, 1958, announced by the Secretary for each of the two kinds of tobacco described as type 21 (Virginia) fire-cured tobacco and type 37 Virginia sun-cured tobacco, each of the State acreage allotments for such kinds of tobacco apportioned by the Secretary to the State of Virginia for the marketing year beginning October 1, 1958, shall be increased or decreased respectively by the amount of acreage equivalent to the corresponding net total change in farm acreage allotments for each of such kinds of tobacco for such marketing year which result from the establishment of single combined tobacco farm acreage allot-

ments as provided in this section. In determining and announcing the amount of the national marketing quotas for type 21 (Virginia) fire-cured tobacco, and type 37 Virginia sun-cured tobacco in terms of the total quantity of each of such kinds of tobacco which may be marketed during the marketing year beginning October 1, 1959, and during each of the 4 succeeding marketing years thereafter, the Secretary shall increase or decrease such national marketing quotas determined as provided in section 312 (b) and the Virginia State acreage allotments for type 21 (Virginia) fire-cured tobacco and type 37 Virginia sun-cured tobacco to reflect correspondingly the changes which previously have occurred in the total acreage allotted for each of such kinds of tobacco pursuant to this section. Notwithstanding any marketing quotas determined and announced for type 21 (Virginia) fire-cured tobacco and type 37 Virginia sun-cured tobacco for the marketing year beginning October 1, 1959, and for each marketing year thereafter, each of the State acreage allotments for such kinds of tobacco apportioned to the State of Virginia for any such marketing year shall be increased or decreased respectively by the amount of acreage equivalent to the corresponding net total change in farm acreage allotments for each of such kinds of tobacco for such marketing year which results from the combination of farms and the establishment of single combined tobacco farm acreage allotments as provided in this section. The sum of the State acreage allotments for type 21 (Virginia) fire-cured tobacco and type 37 Virginia sun-cured tobacco determined for any marketing year as provided in section 313 shall not be increased or decreased by reason of any increase or decrease in the State acreage allotment for each of such kinds of tobacco previously provided for in this paragraph to reflect net changes occurring in acreage allotted."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING PROVISIONS OF LAW CODIFIED AS SECTION 500, TITLE 16, UNITED STATES CODE

The Clerk called the bill (H. R. 12704) to amend the provisions of law codified as section 500, title 16, United States Code.

Mr. BOLAND. Mr. Speaker, I ask unanimous consent that his bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

ANTI-HOG-CHOLERA SERUM AND HOG-CHOLERA VIRUS

The Clerk called the bill (S. 3478) to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 58 (b) of the act of August 24, 1935 (7 U. S. C. 853 (b)), is amended to read as follows:

"(b) Terms and conditions requiring each manufacturer to have in inventory in his own possession on April 1 of each year a reserve supply of completed serum equivalent to not less than 40 percent of his previous year's sales of all serum, except that any marketing agreement may provide that upon

written application by a manufacturer filed before September 1 of the preceding year, the Secretary may fix another date between January 1 and May 1 on which such manufacturer shall have such inventory if the Secretary finds that such action will tend to effectuate the purposes of this act. The Secretary may impose such terms and conditions upon granting any such application as he finds necessary to effectuate the purposes of this act. Serum used in computing the required reserve supply of any manufacturer shall not again be used in computing the required reserve supply of any other manufacturer."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TRANSFER OF CASES BETWEEN DISTRICT COURTS AND THE COURT OF CLAIMS

The Clerk called the bill (H. R. 3046) to amend title 28 of the United States Code to provide for transfer of cases between the district courts and the Court of Claims.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 1406 of title 28 of the United States Code is amended by adding at the end thereof the following new subsection:

"(c) If a case within the exclusive jurisdiction of the Court of Claims is filed in a district court, the district court shall, unless the parties consent to dismissal, transfer such case to the Court of Claims."

Sec. 2. (a) Chapter 91 of title 28 of the United States Code is amended by adding at the end thereof the following new section:

"§ 1506. Transfer to cure defect of jurisdiction.

"If a case within the exclusive jurisdiction of the district courts is filed in the Court of Claims, the Court of Claims shall, unless the parties consent to dismissal, transfer such case to any district court in which it could have been brought at the time such case was filed."

(b) The analysis of chapter 91 of title 28 of the United States Code is amended by adding at the end thereof the following:

"Sec. 1506. Transfer to cure defect of jurisdiction.

Sec. 3. The amendments made by this act shall apply to any case or proceeding pending on, or brought after, the date of enactment of this act in the district courts or the Court of Claims.

(Mr. KEATING (at the request of Mr. NIMTZ) was given permission to extend his remarks at this point in the Record.)

Mr. KEATING. Mr. Speaker, this is a simple yet very effective bill which has been recommended by the Judicial Conference of the United States. It is another one of those measures designed to remove technical procedures which have hampered and often prevented just decisions of cases on their merits.

Cases involving maritime matters are now covered by any 1 of 3 separate acts. It is often difficult for even the most experienced admiralty lawyer to determine with any degree of certainty under which of these acts his claim falls. Each act prescribes the court in which the claim should be filed and each has its own statute of limitations.

This has meant that lawyers engaged in maritime practice must often choose at their peril the proper forum for certain claims against the Government. They must sue either in the Court of Claims or the United States District Courts in Admiralty, depending upon which statute their claim falls under. Unfortunately, if one chooses the wrong forum, his client in many instances will have no further recourse, because by the time his case is dismissed the statute of limitations governing suits in the proper forum has already run.

This bill would remove that technicality by providing that if a case is within the exclusive jurisdiction of the Court of Claims and is inadvertently filed in a district court, the district court can transfer the case to the Court of Claims. The same thing would apply to cases filed in the first instance in the Court of Claims. They could be transferred to the district court if that were the proper forum.

Mr. Speaker, this is a bill to which there should be no opposition. It will cost the Government nothing, yet will greatly improve our Federal Rules of Civil Procedure.

(Mr. NIMTZ asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. NIMTZ. Mr. Speaker, as a member of the subcommittee that conducted the hearings concerning this legislation and recommended favorable consideration by the members of the Committee on the Judiciary, I urge favorable consideration of this legislation today.

The purpose of this bill is to authorize the transfer of cases between the district courts and the Court of Claims, and vice versa, in order to cure jurisdictional defects.

Contract suits against the United States involving certain maritime transactions may be brought either in the Court of Claims or in the United States district courts in admiralty depending upon the statutory authority involved. Thus, suits under the Suits in Admiralty Act (41 Stat. 526, 46 U. S. C. 741) and the Public Vessels Act (43 Stat. 112, 46 U. S. C. 781) lie exclusively in admiralty in the United States district courts, while under the Tucker Act (28 U. S. C. 1346) there is concurrent jurisdiction in the district courts and the Court of Claims for claims not exceeding \$10,000 and exclusive jurisdiction in the Court of Claims for claims in excess of \$10,000. In addition to jurisdictional differences under these statutes, there are also differences in the applicable statutes of limitations. Under the Tucker Act the statute of limitations is 6 years, while under the Suits in Admiralty Act and the Public Vessels Act it is 2 years.

Since the applicability of these acts to a given factual situation is frequently exceedingly difficult to determine and a question on which reasonable men may differ, lawyers in maritime practice occasionally and unavoidably bring suit in the wrong forum. This presents no problem in claims under \$10,000 brought in the district courts. If improperly brought in admiralty, the case may be transferred to the law side of the

court—*The Everett Fowler* (151 F. 2d 662 (2d Cir. 1945), certiorari denied, 327 U. S. 804 (1945)). It would seem that the converse would also be held proper where a case filed on the law side is held to be properly under the Suits in Admiralty Act.

The serious problem, and the one to which this bill is directed, arises in claims exceeding \$10,000 where there is uncertainty as to whether a suit is properly brought under the Tucker Act on the one hand or the Suits in Admiralty or Public Vessels Act on the other. Since, under existing law, cases are not transferrable between the district courts and the Court of Claims, an inappropriate choice of jurisdiction may result in the statute of limitations having run against a claim by the time the issue of appropriate jurisdiction is finally adjudicated.

A substantial portion of the jurisdictional uncertainty in this area is attributable to confusion in establishing whether a vessel is a merchant vessel or a public vessel. If a merchant vessel, under the Suits in Admiralty Act exclusive jurisdiction as in the District Courts in Admiralty. If a public vessel, jurisdiction may be either in admiralty under the Public Vessels Act or under the Tucker Act, depending on the nature of the claim. It will be recalled that a claim under the Tucker Act exceeding \$10,000 must be brought in the Court of Claims.

Some indication of the difficulties confronting maritime lawyers in choosing a proper forum where the merchant vessel-public vessel issue arises can be seen from the following cases:

First. In *Calmar Steamship Corp. v. U. S.* (103 F. Supp. 243 (1951)), the district court held that a suit involving a privately owned vessel which was operated for the United States and carrying military supplies was properly in admiralty because the ship was a merchant vessel within the meaning of the Suits in Admiralty Act. The court of appeals reversed on the ground that the ship was not a merchant vessel, since it was carrying war materiel—volume 197, Federal Reporter, second series, page 795, 1952. On appeal to the Supreme Court, it was held that the ship was a merchant vessel and the court of appeals was reversed—in Three Hundred and Forty-fifth United States Reports, page 446, 1953.

Second. In *Aliotti v. U. S.* (221 F. 2d 598 (1955)) the Court of Appeals for the Ninth Circuit held that a suit by the owner of a vessel bareboat chartered to the United States, to recover the cost of restoration to its original condition, came exclusively under the Public Vessels Act, whether or not the vessel was a merchant vessel or a public vessel. In direct conflict was the decision of the first circuit in *Eastern Steamship Lines v. U. S.* (187 F. 2d 957 (1951)) which held that a similar suit involving a public vessel came exclusively within the Tucker Act and not the Public Vessels Act.

Conflicting decisions as to jurisdiction also have been rendered in general average claim suits against the United States. The Court of Claims, in *Lykes*

Bros. Steamship Co., Inc. v. U. S. (124 F. Supp. 622 (1954)) held that such suits lay in admiralty. On the other hand, the District Court for the Southern District of New York held that jurisdiction lay at law under the Tucker Act (*States Marine Corp. of Delaware v. U. S.*, 120 F. Supp. 585 (1954)). However, the Court of Appeals for the Second Circuit reversed and held that admiralty was the proper forum.

Uncertainties of this kind have arisen in charter accounting suits for the recovery of alleged overpayments to the United States Maritime Commission. In *Smith-Johnson Steamship Corp. v. U. S.* (139 F. Supp. 298 (1956)) the Court of Claims held that it had jurisdiction. In a similar suit the Court of Appeals for the Second Circuit held that jurisdiction lay exclusively in admiralty (*Sword Line, Inc. v. U. S.*, 228 F. 2d 344 (1955), 280 F. 2d 75 (1956)). Upon affirmance of the second circuit decision by the Supreme Court at 351st United States Statutes at Large, page 976, 1956, the Court of Claims reversed its earlier holding and dismissed a large number of suits which had been filed in that court.

The possibility of counsel unavoidably choosing the inappropriate forum is thus apparent. In order to prevent dismissal of suits which would become time-barred when the appropriate forum had finally been determined, this bill would permit the transfer of cases to the appropriate court. Since under transfer procedure the statute of limitations is tolled with the filing of the original suit, an action would not be dismissed because a subsequent decision that the plaintiff had chosen the wrong forum came at a time when the statute of limitations precluded filing a new action in the appropriate court. In dealing with the analogous problem of erroneously chosen venue, section 1406 (a) of title 28 authorizes a district court, where it is in the interest of justice, to transfer rather than dismiss a suit brought with improper venue.

The reform of existing practice embodied in this bill is another expression of the underlying philosophy of the Federal Rules of Civil Procedure and of modern legal practice generally, that the decisive question in a lawsuit should, as far as possible, be its merits and not esoteric, technical problems of procedure.

The Judicial Conference of the United States has recommended approval of this legislation at its sessions of September 1954, March 1955, and September 1957. The United States Court of Claims, through its chief judge, has also approved the legislation.

Mr. Speaker, I urge favorable consideration of this measure.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HIGHWAY BRIDGE BETWEEN LUBEC, MAINE, AND CAMPOBELLO ISLAND, NEW BRUNSWICK

The Clerk called the bill (S. 3608) to revive and reenact the act authorizing

Public Law 85-574
85th Congress, S. 3478
July 31, 1958

AN ACT

72 Stat. 454.

To insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 58 (b) of the Act of August 24, 1935 (7 U. S. C. 853 (b)), is amended to read as follows:

Anti-cholera
serum.
49 Stat. 781.

“(b) Terms and conditions requiring each manufacturer to have in inventory in his own possession on April 1 of each year a reserve supply of completed serum equivalent to not less than 40 per centum of his previous year's sales of all serum, except that any marketing agreement may provide that upon written application by a manufacturer filed before September 1 of the preceding year, the Secretary may fix another date between January 1 and May 1 on which such manufacturer shall have such inventory if the Secretary finds that such action will tend to effectuate the purposes of this Act. The Secretary may impose such terms and conditions upon granting any such application as he finds necessary to effectuate the purposes of this Act. Serum used in computing the required reserve supply of any manufacturer shall not again be used in computing the required reserve supply of any other manufacturer.”

Approved July 31, 1958.

